

The complaint

Mr A complains that Monzo Bank Ltd ('Monzo') won't refund the money he lost when he fell victim to a scam.

What happened

Mr A is represented in this case but for ease I'll refer to Mr A throughout this decision.

Mr A says that he was unable to work and was looking for ways to save money. He looked into investing and found a company I'll refer to in this decision as F. After completing an enquiry form, Mr A received a call from a representative of F who discussed his aims and goals. Mr A was required to download an app via F's website so that he could complete trades with support and monitor the progress of his investment.

I have set out in the table below the payments Mr A made on the advice of the representative of F.

Date	Amount	Recipient	Method
26/04/23	£221.95	1	Card
27/04/23	£221.90	1	Card
16/05/23	£4,500	2	Faster payment - international
Total	£4,943.85		

A further payment of £4,500 was made on 16 June 2023 but was returned.

When Mr A wanted to withdraw his funds, he was asked to deposit more and realised he was the victim of a scam. He contacted Monzo on 19 June 2023 to report what had happened.

Monzo didn't agree to reimburse Mr A. It said that he authorised the transactions and that it followed his instructions and didn't breach its duty of care to Mr A. Monzo tried to recover Mr A's funds but was told that no funds remained.

Mr A was unhappy with Monzo's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in part. He said that Monzo should have done more when the £4,500 transaction was made. But because Mr A didn't complete enough checks, the rate of return offered by F was unrealistic, and it wasn't believable that the representative of F wouldn't earn commission, Mr A should share responsibility for his loss.

Mr A accepted the investigator's findings, but Monzo did not. In summary, it said:

- The Contingent Reimbursement Model Code (CRM Code) doesn't apply.
- The £4,500 transaction wasn't unusual based on the average transaction value

across the many transactions it makes per day.

- It can't feasibly intervene just because a customer makes a larger than usual transaction. The spending was proportionate to Mr A's income and the value wasn't significantly higher than previous transactions. In addition to this, when he opened the account, Mr A said he would make international payments.

The complaint was passed to me to decide. I issued a provisional decision on 7 March 2024 in which I said I wasn't minded to uphold the complaint. In the "*What I've provisionally decided – and why*" section of my provisional decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The CRM Code, which Monzo hasn't signed up to but has agreed to follow, doesn't apply in this case. This is because it doesn't apply to card payments or international payments. So I've gone on to consider Monzo's wider obligations.

In broad terms, the starting position in law is that Monzo is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

But that's not the end of the story. Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- *Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*
- *Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*
- *Have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.*

After considering Mr A's statements for the six month period before the scam, I don't consider Monzo acted unfairly or unreasonably in allowing the transactions to be made and will explain why.

The first two card transactions were low in value and in line with usual account activity. Whilst the £4,500 transaction was higher in value than previous transactions, it wasn't so unusual or out of character that Monzo ought reasonably to have had concerns and intervened. Mr A made a faster payment of £1,800 in February 2023 and, when he opened the account, said he planned to make international payments. There also wasn't a concerning pattern of payments; there were two low value card transactions and then a faster payment around three weeks later which didn't drain the account.

There's a balance to be struck; banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction. To do so would cause unnecessary disruption to legitimate payments.

I've seen evidence which persuades me that Monzo attempted to recover Mr A's funds but was unsuccessful.

Overall, whilst I'm sorry to hear about this cruel scam and Mr A's loss, I can't reasonably hold Monzo responsible.

Mr A didn't agree with my provisional decision. In summary, he said there was a clear pattern of fraud that Monzo ought to have detected. The £4,500 transaction was unusual due to its size, was to an international payee, and shortly before it was made Mr A credited his account.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

After reviewing Mr A's response my decision remains the same. I don't consider the £4,500 transaction was so unusual that Monzo ought reasonably to have taken additional steps to protect Mr A. And the payment was made three weeks after the two card payments, so I'm not persuaded there was an unusual pattern of payments.

Mr A has said the transaction was unusual because he credited his account shortly before the scam transfer, but I don't agree. Mr A had done this before and when he opened his Monzo account he said that he would use the account to transfer funds from an owned account and for occasional spending. And in response to a direct question Mr A confirmed he would be making international bank transfers – which is what he did in this case.

Overall, whilst I'm sorry to hear about Mr A's loss, I can't reasonably ask Monzo to reimburse him.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 May 2024.

Jay Hadfield
Ombudsman