

## The complaint

Miss K complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost after falling victim to a scam.

## What happened

In February 2023 Miss K found a job advert on a social media platform. She clicked a link and provided her contact details. Miss K was contacted by someone via a messaging app who provided details of the job. Miss K was told she would be working for a company that I'll refer to as J, and she would be responsible for purchasing and approving goods ordered by merchants of J. As part of this Miss K would be required to complete sets of tasks. Miss K was told that the weekly salary was £600, and she would earn 0.5% commission for each item she approved, which would be paid after she had finished the set of tasks. Unfortunately, this was a scam.

Miss K says she believed the job was genuine because when she researched J online, she saw there was a genuine company based overseas who provided e-procurement. Also, she was added to a group chat with around 35 other people who shared positive reviews and screen shots of the profits they had made.

Below is the table of payments that Miss K made as part of the scam from her Monzo account.

Date	Pmt	Transaction details	Amount
21.2.2023	1	Payment to M	£20
21.2.2023	2	Payment to M	£100
21.2.2023	3	Payment to M	£100
21.2.2023	4	Payment to M	£39.40
21.2.2023		<i>Miss K made a successful withdrawal</i>	<i>£374.03 cr</i>
22.2.2023	5	Payment to M	£150
22.2.2023	6	Payment to M	£150
22.2.2023	7	Payment to M	£77.40
22.2.2023	8	Payment to M	£105.12
22.2.2023	9	Payment to M	£168.70
22.2.2023	10	Payment to M	£150
		<i>Miss K made a successful withdrawal</i>	<i>£914.72 cr</i>
23.2.2023	11	Payment to O	£150
23.2.2023	12	Payment to E	£150
23.2.2023	13	Payment to O	£134.13
23.2.2023	14	Payment to E	£253.26
23.2.2023	15	Payment to E	£476.13
23.2.2023	16	Payment to O	£1,413.80
23.2.2023	17	Payment to K	£1,777
27.2.2023	18	Payment to K	£2,691
		<b>Total payments made</b>	<b>£8,105.94</b>

Miss K initially paid £259.40 and having completed the set of tasks, was able to withdraw £374.03 which was paid to an account held with another bank.

Miss K then paid £801.22 for the second set of tasks. Having completed the set of tasks she was able to withdraw £914.72, which was paid to an account held with another bank.

Miss K says that each set of tasks became more expensive and ultimately, she was unable to afford to buy more tasks. When Miss K asked to withdraw the funds that she had built up from the tasks she had completed, she was told that she had to pay a 60% deposit to release the funds. Miss K made a final payment of £2,691 on the 27 February 2023, on the promise that she would be able to make the withdrawal. When Miss K was asked for further payments, she realised she'd been scammed and contacted Monzo.

Monzo investigated Miss K's fraud claim but declined to refund her. They told Miss K they had acted appropriately by following her payment instruction. They also highlighted that Miss K was shown new payee warnings when she set up each new payee.

Miss K wasn't happy with Monzo's response, so she brought a complaint to our service.

An investigator looked into Miss K's complaint and partially upheld it, recommending that Monzo refund her loss from payment nine made on 22 February. The investigator considered Miss K's complaint under the Contingent Reimbursement Model Code (the CRM Code). The investigator explained that by the time Miss K made payment nine, Monzo should've provided Miss K with an effective warning based on the pattern of payments – which they hadn't. However, the investigator also felt that Miss K didn't have a reasonable basis for believing the job offer was genuine, so should share responsibility for her loss with Monzo. The investigator recommended Monzo refund 50% of the payments.

Miss K agreed with the investigator's opinion, however Monzo didn't agree. Monzo responded saying they can't be expected to provide specific scam warnings relating to every scam. And if they did provide comprehensive warnings for every type of scam, it would render all warnings ineffective and reduce the impact. Monzo also felt that as Miss K doesn't have a reasonable basis for belief, she shouldn't be entitled to any refund.

Monzo asked for an ombudsman to review this case.

Having reviewed the case, I intended to reach a different outcome than the investigator. So, I wanted to explain my reasoning and give both parties a chance to respond before I issued a final decision. I issued my provisional decision on 27 March 2024.

### **My provisional decision**

In 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.

Monzo aren't a signatory to the Contingent Reimbursement Model (CRM Code) but have agreed to adhere to the provisions of the Code. The CRM Code requires firms to reimburse customers who have been victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that\*:

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.

\* There are further exceptions outlined in the CRM Code, but they don't apply to this case.

#### *No refund on payments 1 to 4*

I'm satisfied that Monzo can rely on an exception to reimbursement for these payments, as I'm not satisfied that Miss K had a reasonable basis for believing the job was genuine.

I say this because the information Miss K had for the company she believed she was going to work for, didn't link to the genuine company which Miss K says she found when she researched it online. The website address that Miss K was given, doesn't match the genuine company website and Miss K had no evidence that she was dealing with someone who worked for this company. Also, the salary that she was promised seemed too good to be true based on what she knew about the job. I also would've expected Miss K to have received some sort of paperwork and documentation to confirm the terms of her employment. While she has told us that the paperwork was being sent out, I can't see that any of the usual information or checks appear to have been completed to confirm her employment.

For these payments, I wouldn't have expected Monzo to have identified an APP scam risk, as the payments were for reasonably low values. So, Monzo weren't required to provide an effective warning. On that basis, I'm satisfied that Monzo can rely on an exception to reimbursement, and I can't fairly ask Monzo to refund these payments.

#### *Full refund on payments 5 to 17*

I'm not satisfied that Monzo can rely on an exception to reimbursement for these payments.

After the first four payments were made, Miss K was provided with a commission payment which she was able to successfully withdraw from the online platform and pay to her bank account. This included a profit of over £100 that she'd made in the space of a day. I think being able to make this withdrawal without any problems, and having made a profit, would've given Miss K a reasonable basis for believing the job was genuine. At this point, the withdrawal changes the position as to whether what Miss K had been told about the job was believable or not.

Also, importantly, after Miss K made payments five to ten, she was again able to successfully make a withdrawal which was paid into her account. With this set of tasks, she also made over £100 profit in the space of a day.

I know that scammers do this to persuade/induce consumers into making further payments, but Miss K wasn't aware of this and didn't know that these types of scams exist.

I think that Monzo should've identified a scam risk during this series of payments, most likely around payment 16. I say this as the pattern, frequency and size of payments was increasing and Miss K was also setting up new payees, with four set up within two days. As I think Monzo should've identified a scam, under the CRM Code they're required to provide an effective warning.

Monzo say the warning they provided was effective. It said:

*Could someone be trying to scam you?*

*Stop if:*

- *You were told your account is at risk, to make an unexpected payment, or to take out a loan*
- *The offer sounds too good to be true*
- *You haven't double-checked who you're paying*
- *You were told to ignore warnings like this*

*You may lose money if this is a scam*

It's important to note that this warning was only shown on payments 12 and 17, in response to Miss K setting up new payees.

The CRM Code is quite specific as to what it considers to be an effective warning. This includes that the warning should be tailored to the APP scam risk, and it needs to be understandable, clear, impactful, timely and specific.

I'm not satisfied that this warning meets the definition of an effective warning as it doesn't provide any information about what job scams look like or how Miss K could protect herself from this type of scam. The warning Monzo have provided includes some points that relate to several different scam types and as such wouldn't have been impactful in Miss K's situation.

Monzo says they can't tailor warnings to specific scam scenarios or provide comprehensive warnings specific to every scam. However, Monzo have chosen to apply the provisions of the CRM Code, and the Code is very clear about the requirements on Monzo and what is expected of them. And I'm not satisfied that they met those requirements with the scam warning they provided.

Monzo also raised a point that the warning they gave referred to "the offer sounds too good to be true", which they believe should've resonated with Miss K in her situation. However, based on Miss K having received the withdrawals and profits associated with her completing the first two sets of tasks, I don't agree that this would've been impactful.

As I'm satisfied that an exception to reimbursement doesn't apply to these payments and Miss K did have a reasonable basis for believing the job was genuine, Monzo should refund 100% of these payments.

*No refund on payment 18*

When Miss K made payment 18, I think she should've been concerned about what she was being told by the scammer.

The scammer started out by saying she had to pay to complete the remaining tasks otherwise she hadn't met the requirements of the supplier, so they wouldn't be prepared to release the funds. This started out as reasonably persuasive as it was suggesting that Miss K had failed meet the requirements of the work and this would impact on the payment the merchant would make to the supplier - J.

However, when the scammer told Miss K that she should take out loans or borrow money from friends or family in order to pay for the tasks, I think Miss K should've realised that no legitimate business would operate in this way. The person that Miss K was communicating

with became quite rude and even suggested that Miss K should ask her boss or partner for money. I think at this point, Miss K no longer had a reasonable basis for believing that the payment she was being asked to make was legitimate.

I have also considered whether Monzo should've identified a scam risk and therefore provided an effective warning. However, this payment was made a few days after the previous payments. Considering the size of the payment and the break in the chain of payments, I'm not satisfied that Monzo should've been concerned and provided an effective warning on payment 18. On that basis, I'm satisfied that an exception to reimbursement applies and therefore can't fairly ask Monzo to refund this payment.

### *In summary*

I don't think Miss K had a reasonable basis for believing the job was genuine when she made the first four payments. Also, Monzo weren't required to provide an effective warning when she made these payments. Therefore, Monzo aren't required to refund payments one to four.

However, Miss K's basis for belief shifted when she made payments 5 to 17, based on the withdrawals she was able to successfully make. And, Monzo should've identified an APP scam risk during this chain of payments and provided an effective warning – which they didn't do. So, Monzo should refund 100% of payments 5 to 17.

Miss K's basis for belief again shifted when she made payment 18. What the scammer was telling her at this point should've concerned her as it wasn't the way a legitimate employer would act. And, as I don't think Monzo were required to provide an effective warning on this payment, I can't fairly ask them to refund Miss K for payment 18.

As Miss K was able to successfully withdraw £914.72 from her account with J, Monzo can deduct this amount from the refund I've asked them to pay. Monzo should pay interest on the net refund (after the deduction), calculated at 8% simple interest per year, from the date they declined Miss K's claim until the date of settlement.

My provisional decision was that I intended to uphold this complaint.

### **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.

Both Miss K and Monzo responded to my provisional decision saying they accepted my recommendation. Neither party provided any additional information or evidence that they wanted me to consider.

As both parties have accepted and provided no new evidence, I see no reason to reach a different outcome than I did in my provisional decision.

In summary, I can't fairly ask Monzo to refund payments one to four as I'm satisfied they can rely on an exception to reimbursement as Miss K didn't have a reasonable basis for believing the job opportunity was genuine. However, Monzo can't rely on that exception for payments 5 to 17, as the withdrawals Miss K was able to make changed her position with regards to having a reasonable basis for believing what she had been told about the job she believed she was doing. Monzo aren't required to refund Miss K for payment 18, as by this stage Miss K's interactions with the scammer should've concerned her, so she no longer had a reasonable basis for believing what she was being told. For the refund on payments 5 to

17, Monzo are required to pay interest calculated at 8% simple per year, calculated from the date they declined Miss K's claim until the date of settlement.

So, I'm upholding Miss K's complaint and require Monzo to compensate her as set out below.

### **Putting things right**

To put things right, Monzo Bank Ltd should:

- Refund Miss K for payments 5 to 17 (inclusive)
- Monzo should deduct the withdrawal Miss K was able to make of £914.72 from the refund
- On the net refund, Monzo should pay interest calculated at 8% simple per year, from the date they declined Miss K's claim until the date of settlement \*

\* If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss K how much it's taken off. It should also give Miss K a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd and require them to compensate Miss K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 9 May 2024.

Lisa Lowe  
**Ombudsman**