

## **Complaint**

Mr D is unhappy that Monzo Bank Ltd didn't reimburse him after he fell victim to a scam.

## **Background**

In September 2023, Mr D fell victim to a scam. A job opportunity was promoted to him on a social media platform. He was told that he could earn commission by carrying out tasks reviewing mobile apps. The premise was that these reviews would generate visibility for the owners of those apps and lead to more business. Unfortunately, this wasn't a legitimate employment opportunity, but a scam.

He was given access to a platform on which he was expected to carry out tasks. However, he was expected to 'fund' his account before being able to complete those tasks. He was asked to set up an e-wallet with a cryptocurrency firm. He would deposit cash into his e-wallet, convert it into a cryptocurrency and then transfer that cryptocurrency into the control of the fraudsters. He made nine payments in all from his Monzo account. The total value of those payments was a little under £5,500.

When Mr D wanted to withdraw the commission payments he believed he was entitled to, he was told there were further fees he needed to pay. At that point, he realised that he must've fallen victim to a scam. He notified Monzo through his representatives. They didn't receive a response and so the complaint was referred to this service.

It was looked at by an Investigator who upheld it in part. She noted that good industry practice required that Monzo be on the lookout for account activity that was unusual or out of character to the extent that it might have indicated a fraud risk. The earliest payments made in connection with the scam, in the Investigator's view, were too small to have justified such concern. However, the final payment was for £2,950. It was one of four payments sent in quick succession. The Investigator concluded that it was at this point that Monzo ought to have been concerned. It shouldn't have processed that final payment without first making enquiries with Mr D to satisfy itself that he wasn't at risk of fraud. If it had done so, she was persuaded that it would've prevented him from making that payment to the fraudster.

However, she also considered it was fair and reasonable for Mr D to bear some responsibility for his own losses. As a result, she recommended Monzo refund 50% of that final payment.

Monzo didn't agree with the Investigator's view and so the complaint has been passed to me to consider and come to a final decision.

## **Findings**

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

Having done so, I've come to the same overall conclusion as the Investigator and for broadly the same reasons.

The starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Metro be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

The Investigator said those concerns should've resulted in Monzo taking some measures to protect Mr D at the time he made the final payment. I'd agree with that conclusion. Including that payment, Mr D was transferring around £5,000 in a single day. Those payments were fairly close together and to a relatively new payee (the first payment Mr D had made to this payee was only five days earlier). In addition to that, all payments were to a cryptocurrency platform.

Monzo shouldn't have processed that payment without first contacting Mr D to satisfy itself that he wasn't at risk of financial harm due to fraud. If it had done so, it's more likely than not that the scam would've been prevented. There's no reason to think Mr D wouldn't have responded to the bank's questions openly and honestly. He hadn't been told that he needed to mislead the bank about the purpose of the payments. If he'd explained what he was making the payments for, Monzo could've identified that he was falling victim to a well-known scam and warned him appropriately.

I've taken into account that he transferred the money to an account in his own name with the e-wallet provider, rather than directly to the fraudster, so he remained in control of the money after he made the payments from his Monzo account. Further steps were needed before the money was lost to the fraudsters. However, I am satisfied that it would be fair to hold Monzo responsible for his losses (subject to a deduction for contributory negligence). The potential for multi-stage scams ought to have been well known to Monzo and, as a matter of good practice, it should fairly and reasonably have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

Overall, I'm satisfied Monzo should fairly and reasonably have made further enquiries before processing the final payment. If it had, it is more likely than not that the scam would have been exposed and Mr D's losses would've been prevented. In those circumstances I am satisfied it is fair to hold it responsible for those losses.

I've also taken into consideration whether it would be fair and reasonable for Mr D to bear some responsibility for his own losses. In doing so, I've taken into account what the law says about contributory negligence while keeping in mind that I have to decide this complaint based on what I consider to be fair and reasonable in the circumstances.

I accept Mr D did genuinely believe that these payments were being made in connection with a legitimate employment opportunity. However, I'm not persuaded that that belief was a reasonable one. There were several indications that the arrangement wasn't above board. There was no formalisation of the agreement between Mr D and his employer – for example, there was no written contract and no clear setting out of the terms of his employment. Furthermore, the arrangement was an inversion of the normal employer-employee relationship. In most circumstances, people expect to be paid by their employer, rather than the other way around. As far as I can see, there wasn't really any attempt to explain this unusual arrangement and Mr D doesn't appear to have questioned it. I think he ought to have proceeded only with great caution. For these reasons, I think it is fair and reasonable for Mr D to bear some responsibility for his own losses and that Monzo can fairly make a 50% deduction from the redress it pays him.

For completeness, I also looked into whether Monzo did everything that it should've done

once it was told that a scam had taken place. I can see that it did promptly send a notification to the receiving bank but no funds were recoverable. Typically, a fraudster will move funds out of a receiving account promptly to frustrate efforts by their victims to recover their money. It was already too late for it to recover any funds at the time and so, even if it had acted more quickly, I don't think it would have made any difference.

### **Final decision**

For the reasons I've set out above, I uphold this complaint in part.

If Mr D accepts my decision, Monzo Bank Ltd should refund him 50% of the final payment he made to the fraudster. It should also add 8% simple interest to that sum calculated to run from the date the payment was made until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 May 2024.

James Kimmitt  
**Ombudsman**