

Complaint

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

Background

In August 2023, Mr M fell victim to a scam. He'd been looking for work and shared his CV with a recruiter. Shortly afterwards, he was contacted by someone who offered him a role. Unfortunately, this wasn't a genuine employment opportunity, but a scam. The role was in affiliate marketing – Mr M was given tasks to complete on an online platform. The premise was that his actions on that platform would drive up visibility of certain products and therefore boost demand for them. On completing tasks, he would earn commission.

However, to carry out those tasks, he needed to 'fund' his account. He did this by making payments from his Monzo account to an e-wallet with a cryptocurrency provider. That e-wallet was in his name and under his control. Those cash deposits were then converted to cryptocurrency which was eventually transferred to the fraudsters. He made two payments of £511.18 and £502.80 respectively. He realised that he'd fallen victim to a scam when he was told that, in order to withdraw his commission payments, he'd need to pay a substantial fee to the company running the platform.

He notified Monzo promptly but it didn't agree to reimburse him. Mr M was unhappy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't think the complaint should be upheld. Mr M disagreed with the Investigator's opinion 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.

In broad terms, 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. Monzo has agreed to follow the terms of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. However, these payments aren't covered by that Code. It only applies to scams where the customer has transferred funds *"to another person."* In this instance, Mr M transferred funds to an e-wallet that was in his name and under his control. That means the CRM Code doesn't apply here.

Nonetheless, good industry practice required that Monzo 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.

In this case, I don't think Monzo would've had any reasonable basis for intervening in connection with either payment. Although they were larger than the typical payments from his account, I don't think either was large enough to have required Monzo to make enquiries with him before allowing those payments to be processed.

It isn't practical or realistic to expect Monzo to intervene on or question all payments. There is a balancing act to be struck between monitoring accounts for fraud and allowing legitimate payments to be made. I know that my decision will be hugely disappointing to Mr M. I don't say any of this to downplay or diminish the fact that he has been the victim of a cruel and cynical scam. But unfortunately, in all the circumstances of this case, I'm satisfied Monzo made no error in processing the payments without questioning them further.

Final decision

For the reasons I've set out above, I don't uphold this complaint.

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

James Kimmitt
Ombudsman