

## The complaint

Mr M complains that Monzo Bank Ltd ('Monzo') won't refund the money he says was lost as the result of a scam.

## What happened

In October 2023, Mr M received a call while he was at work. The caller said they worked for Monzo and his account had been compromised. They suggested this had happened when Mr M clicked a phishing link. Mr M was told he needed to take certain steps to secure his account.

As part of those steps Mr M was told to take out a loan with Monzo and move the loan money from Monzo to an account he held with another bank (who I'll refer to as bank D). He then needed to move the money from bank D to another account, which he didn't have control of. Mr M was also convinced to take out a credit card with Monzo and moved the balance of the card to an account controlled by the fraudsters.

Mr M says the caller took him through security and knew his name, address, and date of birth. They talked him through each of the screens for every step he had to take, which convinced him that they knew Monzo and bank D's systems. Mr M received a text which appeared to come from Monzo, as well as verification through his Monzo banking app and the caller's phone number appeared to be Monzo's genuine number.

Mr M asked why he had to move the funds to his account with bank D and was told because his Monzo account was compromised, the funds had to go via a secure account.

These are the payments Mr M made from his Monzo account.

Date	Details of transaction	Amount
23.10.2023	<i>Monzo loan funds paid to Mr M's account</i>	<i>£7,000 cr</i>
23.10.2023	Faster payment to Mr M's account with bank D	£1,000
23.10.2023	Faster payment to Mr M's account with bank D	£1,000
23.10.2023	Faster payment to Mr M's account with bank D	£950
23.10.2023	Faster payment to Mr M's account with bank D	£950
23.10.2023	Faster payment to Mr M's account with bank D	£900
23.10.2023	Faster payment to Mr M's account with bank D	£1,000
23.10.2023	Faster payment to Mr M's account with bank D	£200
23.10.2023	Faster payment to Mr M's account with bank D	£500
23.10.2023	Faster payment to Mr M's account with bank D	£500
23.10.2023	Faster payment to Mr M's account with bank D	£1,000
23.10.2023	Faster payment to Mr M's account with bank D	£900

After Mr M made the last payment from his account with bank D, he asked when his account would return to its normal position and the call was terminated. Mr M waited for a call back, but quickly realised he'd been the victim of a scam and immediately reported it to Monzo and bank D.

Monzo refunded Mr M in full for the payment made from his credit card. However, Monzo declined to refund the payments he made from his bank account, saying bank D were the point of loss and should be liable to refund him. Monzo did apologise for delays in handling Mr M's fraud claim and paid him £145 compensation.

Bank D also declined to refund Mr M for any of the payments he made as a result of the scam.

Mr M wasn't happy with Monzo's response, so he brought a complaint to our service.

An investigator looked into Mr M's complaint and didn't recommend that Monzo refund him. The investigator wasn't satisfied that Monzo should've identified a potential risk of financial harm when Mr M made the payments. He explained that the pattern of payments wasn't unusual, taking into account that Mr M had had a loan paid into his account. The investigator felt the £145 compensation for the poor service was fair.

Mr M wasn't happy with the investigator's opinion and asked for an ombudsman to review his case.

### **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.

I'm really sorry to disappoint Mr M, as he has been the victim of a really cruel scam. But, having reviewed his case, I've reached the same answer as the investigator.

Monzo are a signatory of the Lending Standards Board's Contingent Reimbursement Model Code (the CRM Code). However, the CRM Code doesn't apply to payments between a customer's own accounts. In this case, Mr M transferred funds from his account with Monzo to his account with bank D, so I can't consider Mr M's case under the CRM Code.

The starting position in law is that Monzo are expected to process payments and withdrawals that its customers authorise, in accordance with the Payment Service Regulations and the terms and conditions of the customer's account. So, when Monzo made the payments, it was complying with Mr M's instructions.

But, 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 preventing fraud and scams.

Also, I'd expect Monzo to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

### **Should Monzo have intervened when Mr M made his payments?**

I'm not satisfied that I can fairly say Monzo should've intervened when Mr M made these payments. I say this because:

- The payments were made immediately after loan funds had been credited to Mr M's account. It's not unusual for a consumer to make increased payments or larger payments following a loan disbursement.
- While there were a large number of payments made in a short period of time, they were all paid to an account in Mr M's name. So, it wouldn't have been identifiable to Monzo what the end destination of the funds was, or that they would move out of Mr M's control.
- There was only one payee used, rather than a pattern of new payees.
- Monzo have to find a balance between identifying payments which could be fraudulent and then responding appropriately to their concerns - while ensuring minimal disruption to legitimate payments.

As I don't think Monzo should've intervened when Mr M made these payments, I'm not satisfied that Monzo could've prevented Mr M's loss.

### Trouble and upset

Monzo say they took too long to give Mr M an answer to his fraud claim, and delayed responding to him. So, Monzo paid Mr M £145 in compensation.

Based on the delays that Mr M experienced, I'm satisfied that £145 compensation is fair. I appreciate that this will feel insignificant to Mr M based on the losses he's experienced as a result of the scam. But I can't hold Monzo liable for the distress that the fraudster caused Mr M and can only look at the impact of the poor customer service they provided.

### Recovery of funds

As the funds went to an account held in Mr M's name, Monzo couldn't have recovered them for Mr M. Any funds remaining in his account with bank D, Mr M could've moved back to his Monzo account. So I'm satisfied that Monzo couldn't have recovered Mr M's loss.

Having carefully considered all the circumstances of Mr M's case, I can't fairly ask Monzo to refund him.

### **My final decision**

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 December 2024.

Lisa Lowe  
**Ombudsman**