

The complaint

Miss B complains that Monzo Bank Ltd won't refund or recover the money she lost to a scam.

What happened

In July 2023 Miss B was looking for accommodation overseas. She found a suitable property online, and when she expressed interest, she was told she'd need to complete the booking via a well-known booking website, and was sent a link to follow. Miss B made a payment of £3,262.59 for two months rent and a deposit. But when she then didn't receive any confirmation email, she became suspicious. On contacting the booking website, she was told that her booking did not exist, and she realised she had been scammed.

Miss B immediately contacted Monzo to tell it what had happened. Monzo looked at what had happened, but did not agree it was liable for Miss B's loss, it did though make a payment to her for £75 to recognise that it could have handled her claim better. Miss B was unhappy with this response, so she referred her complaint to our service.

One of our Investigators looked into what had happened, but they considered that Monzo had treated Miss B fairly here. They said that Monzo could not have reasonably prevented the payment from being made and that there was no reasonable prospect of a chargeback being successful. So, they did not consider that Monzo could have done anything to help prevent this scam, or to recover Miss B's money.

Ms S remained unhappy, she maintained that Monzo should have intervened in the payment as it was out of character, or blocked the payment when she told it what had happened. She also felt that Monzo could have done more to recover her funds. So, as no agreement could be reached, this case has now been passed to me to decide.

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.

Having done so I've reached the same conclusion as our Investigator, and for the same reasons.

It's not disputed that Miss B authorised the payment that is the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Miss B is responsible for that payment. That remains the case even though she was the unfortunate victim of a scam.

Because of this, Miss B is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of

financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

So, I've thought about whether Monzo could have done more to prevent the scam from occurring altogether. Monzo ought to fairly and reasonably be alert to fraud and scams, so I need to consider whether it ought to have intervened to warn Miss B when she tried to make the payment. But considering the value and nature of the payment, in the context of Miss B's account, I don't think there was anything that should have flagged to Monzo that Miss B might be at risk. The payment was, in the context of the payments Monzo sees every day, not so high as to be remarkable. And while it was moderately high in the context of Miss B's usual account usage, she had made relatively high card payments before, and it's not uncommon for people to make such one-off payments. The payment was also authorised using 3D Secure, so Monzo would have been reassured that it was Miss B making the payment herself. It was also not uncommon for Miss B to make payments in foreign currencies, which is how this payment appeared on her statement.

I appreciate that the payment was to a cryptocurrency exchange, which could be considered a higher risk activity, but that does not mean that it is reasonable for a bank such as Monzo to assume that all payments to cryptocurrency are automatically suspicious.

So, given that I don't consider this transaction was so out of character as to be particularly remarkable or require intervention, I don't think Monzo missed an opportunity to intervene. And given that it was a card payment, there was no way that Monzo could have stopped the payment from leaving Miss B's account by the time she told it of the scam.

Because of this, even though I accept Miss B was the victim of a scam, I don't think Monzo could have done anything to prevent her loss and I'm satisfied its decision not to refund the money she lost to the scam was fair.

I have though considered whether Monzo could have done more to try to recover the money Miss B lost once it was clear that she was the victim of a scam.

Chargeback is the way in which payment settlement disputes are resolved between card issuers and merchants. In certain circumstances the process provides a way for Monzo to ask for a payment Miss B made to be refunded. There is no obligation on a card issuer to raise a chargeback, nor does the raising of one guarantee a refund for the card issuer's customer. But I would consider it good practice for a chargeback to be attempted where the right exists and there is a reasonable prospect of success.

But in this case, while Miss B thought she was dealing with the booking website, she didn't make the card payment to them directly. Instead, she paid a separate cryptocurrency exchange. This is important because Monzo would only be able to process a chargeback claim against the merchant Miss B paid – the cryptocurrency exchange – not against another party such as the booking website or the scammer. And the service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Miss B's payment into cryptocurrency.

The fact that the cryptocurrency was then transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Miss B paid. As the cryptocurrency exchange provided the service that was requested - the purchase of the cryptocurrency - any chargeback attempt would therefore likely fail. As a result, I don't think there would be any reasonable prospect of success for a chargeback in this case. I therefore don't consider it unreasonable that Monzo did not attempt one.

I appreciate that this will be very disappointing for Miss B, and I can entirely understand why she feels the way she does, but with all I've seen I don't consider that I can fairly say Monzo should be held liable for Miss B's loss or that it could have done more to recover her funds.

I acknowledge that there was some poor service on Monzo's part here, regarding the time it took to provide an outcome to Miss B and the failure to call her back when promised. But I'm satisfied the £75 Monzo has already paid to Miss B is appropriate compensation in the circumstance, and I won't be asking it to do anything more.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 May 2024.

Sophie Mitchell
Ombudsman