

The complaint

Mrs R is unhappy Monzo Bank Ltd ("Monzo") won't refund the money she lost as a result of a third-party scam.

What happened

The circumstances that led to this complaint are well known to the parties, so I won't repeat them in detail here. But, in summary Mrs R fell victim to a cryptocurrency investment scam. As a result of the scam, Mrs R made the following transactions:

Date	Amount	Payee
18/5/23	£500	Cryptocurrency R
22/6/23	£1,000	Cryptocurrency C
11/7/23	£2,000	Cryptocurrency C
14/7/23	£2,000	Cryptocurrency C
17/7/23	£1,332.22	Cryptocurrency C

Monzo didn't provide a formal response and hasn't provide us with its file.

Our investigator did not uphold the complaint. He said it was a recently opened account and there wasn't much history to compare these transactions to, but he felt that the transactions were spread out and so didn't obviously look like a scam.

I wrote informally to Mrs R's representative explaining that I didn't intend to uphold the complaint based on the sums and the pattern of the transactions involved in this case.

Mrs R's representative didn't agree. It said:

It believes that the bank should have intervened by providing effective scam warnings and questioned Mrs R given that the payments were going to new payees with links to cryptocurrency. Mrs R transferred over £5,000 in the space of one week to a cryptocurrency merchant - which is highly unusual for Mrs R.

As the case could not be resolved informally, I am now issuing my final decision.

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 outcome as the investigator for much the same reasons.

Monzo hasn't provide us with its file, but I don't think I need to see its file to reach a fair and reasonable outcome in this case.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when looking into what is fair and reasonable in this case. But a bank also has to be on the lookout for, and help to prevent payments, that could involve fraud or be the result of a scam.

It is not in dispute that Mrs R authorised the scam payments. It is also not in dispute that Mrs R was duped by the scammer into instructing the bank to transfer money to a cryptocurrency account and ultimately on from there into the scammer's account. The scammer deceived her into thinking she was making a legitimate cryptocurrency investment for further trading. As I understand it, payments to the cryptocurrency provider were used to purchase genuine cryptocurrency which was then placed with a cryptocurrency exchange in a wallet in Mrs R's name and from there it was moved for further trading. So, although Mrs R did not intend the money to go to the scammer, under the Payment Services Regulations 2017, and the terms and conditions of her account, she is presumed liable for the loss in the first instance.

Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. That said, Monzo ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mrs R when she tried to make the payments.

I am aware that scams involving cryptocurrency had become increasingly prevalent and well known to banks. But I think it was reasonable for Monzo to take into account a range of factors when deciding whether to intervene or provide a warning. I am mindful that banks can't reasonably be involved in every transaction. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. It's not unusual for consumers to make higher payments from time to time and the amounts weren't so high here that I would expect Monzo to have intervened based on the amounts alone.

The transactions were also spread out and whilst not insignificant to Mrs R - were still relatively low in value. I appreciate they are going to cryptocurrency providers. But I don't think the pattern of payments and the values were consistent with a heightened risk of financial harm. So, in the overall circumstances, I don't think Monzo should have intervened before it processed these payments.

I am sorry Mrs R has fallen victim to a scam and suffered a loss, but I don't think it was caused by a failing on Monzo's part.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 7 June 2024.

Kathryn Milne
Ombudsman