

The complaint

Mr B complains that Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP) scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my decision.

In summary Mr B says he was contacted by someone via a social media platform about a remote job opportunity within an organisation I will refer to as C. The job involved completing tasks to optimise advertising certain companies. He was told in order to qualify for the opportunity he would need to open a crypto wallet as this was the way 'employees were paid'.

On 16 March 2023 Mr B sent £10.00 (the initial deposit) to a third party. The payments were all made to third party individuals to buy cryptocurrency. The cryptocurrency was then sent to the scammer's wallet through Mr B's own crypto wallet which he had set up for the 'job opportunity'. After paying an initial deposit, Mr B was persuaded to transfer further funds to complete certain tasks. He made the following payments:

Date	Payment	Amount	Payee
16/03/2023	Faster Payment	£10.00	New Payee (1)
16/03/2023	Faster payment	£889.28	New Payee (2)
17/03/2023	Faster Payment	£1,715.00	Payee 2
17/03/2023	Faster payment	£2,683.78	Payee 2

Mr B attempted to complete a further task but was told he would need to send a further £10,000. Mr B told the scammer he didn't have the money to do that and simply wished to withdraw his funds. The scammer told Mr B if he didn't send the money he would be taken to court. It was at this point Mr B realised he had been scammed.

Mr B's rep has explained that following him establishing he had fallen victim of a scam, Mr B felt ashamed and spent several weeks dwelling on the scam. He then approached the representative for advice, prior to contacting Monzo.

The complaint was referred to us. Our investigator looked into the complaint, but he didn't recommend it be upheld. Mr B's representative didn't agree so the complaint was passed to me.

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 agree with the investigator's findings for broadly the same reasons. I will explain why.

There is no question that Mr B authorised the payments in dispute. That means that under the Payment Services Regulations 2017 he is presumed liable for the losses in the first instance.

I've also considered if the payments Mr B made are covered by the CRM Code and I am satisfied they are not. This is because the CRM Code defines an authorised push payment scam as;

A transfer of funds executed across faster payments, CHAPS or an internal book transfer, authorised by a customer in accordance with regulation 67 of the PSRs, where:

- i. The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- ii. The Customer transferred funds to another person for what they believed to be legitimate purposes, but which were in fact fraudulent.

In this case Mr B transferred the funds to individuals who were advertising cryptocurrency. Mr B transferred money to those sellers who provided him with what he asked for – in this case cryptocurrency. Essentially Mr B got what he paid for at this point, the scam only occurred when Mr B sent the cryptocurrency from his wallet on to the fraudsters.

However, this isn't the end of the story, 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 think Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.

- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years.

In some circumstances, have taken additional steps or made additional checks before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Based on this I've considered carefully the payments Mr B made, and whether Monzo should've been concerned that Mr B might be at risk of financial harm from fraud. Having done so I'm not persuaded the payments he made were remarkable enough for Monzo to have intervened and questioned Mr B as to the purpose of the payments before processing them.

Mr B's representative has said that the fact Mr B paid two new payees over the course of two days ought to have prompted Monzo to be concerned and should've 'triggered' an intervention. I disagree, I say this because, the first payment which was made to a 'new payee' (payee 1) was for £10 and it's reasonable to conclude this is a nominal amount. A transfer to second new payee (payee 2) of £889.28 was also made on the same day. The following two payments were both transferred the following day (17 March 2023) to payee 2, who at this point was already an established payee.

I accept that Mr B has said he doesn't recall receiving any pop ups or warnings when making these transactions. However, Monzo has provided evidence to show that they issued a new payee warning for both new payee accounts, despite the first one being for a nominal amount. It has also provided evidence that a low friction warning was also issued for the

£889.28 (first payment to a payee 2). This warning gave a generic scam warning, and asked Mr B to confirm he had read the information before proceeding. I am also aware it provided a link for a blog which outlined how to protect yourself against APP fraud.

While Mr B's representative has argued that Mr B was allowed to send money to an account linked to cryptocurrency, I don't agree this was the case. Mr B was paying individuals rather than a cryptocurrency exchange – this meant Monzo wouldn't have been aware of any heightened risk of harm from fraud associated with cryptocurrency investment. However, even if the payments had gone directly to a cryptocurrency account, people can and do legitimately invest in cryptocurrency, so it doesn't automatically follow that Monzo ought to have been concerned even if the payments had gone directly to cryptocurrency accounts.

Mr B's representative has also said that as Mr B had been making extraordinarily high value payments in quick succession, he felt it warranted an intervention from Monzo. While I accept that the amount of money Mr B sent is clearly significant to him, this doesn't in itself suggest a heightened risk of fraud. I also acknowledge that the transactions were larger than usual for the account. But I am not persuaded this would have stood out as unusual or suspicious. There were three payments in total (not including the nominal £10 payment) all sent to the same payee over the course of two days. And while a new payee was set up on 16 March 2023 for the £889.28 payment, Mr B did receive a new payee warning and a low friction warning (outlined above) and chose to proceed. As such, by the time he came to make the further two payments on 17 March 2023, this was an established payee. I also note the two payments on 17 March 2023 weren't in quick succession, or in line with the typical hallmarks of a job scam.

Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. As I mentioned above, while I don't doubt the payments represented a lot of money to Mr B, they are of values which I don't think would have appeared so suspicious or unusual to Monzo, when compared with other payments that it processes daily. So overall I don't consider the payments Mr B made to have been remarkable enough to have warranted Monzo to act and have contacted Mr B ahead of processing them.

I've thought about whether Monzo could have recovered any of the funds Mr B lost when it was made aware of the scam. But given the funds had been exchanged into cryptocurrency and then been moved onto accounts controlled by the fraudsters, I don't think Monzo would have been able to recover any funds. It follows that I don't think it missed an opportunity to recover the money Mr B sadly lost.

I have a great deal of sympathy with Mr B being the victim of what was clearly a cruel scam that has had a significant impact on him, not just financially but also because the fraudster deceived him and gained his trust. But I don't find that Monzo has acted unfairly in processing the payments Mr B made and in turn I've decided Monzo isn't responsible for reimbursing him.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 June 2024.

Jade Rowe

Ombudsman