

The complaint

Mr V has complained Monzo Bank Ltd did nothing to intervene and stop a payment he was making as the result of an employment scam.

What happened

Mr V opened a bank account with Monzo on 29 September 2023. The same day he made a payment of £3,300 to his cryptocurrency account. This was initially declined by Monzo as they required a selfie video to verify the transaction. Mr V successfully made the transaction. He then transferred this to people he'd believed he was working for.

In 2023 Mr V had responded to a WhatsApp message offering him remote working in an online optimisation company. Mr V was persuaded by the amounts other individuals said they were earning and started to undertake work. He was told he needed to make a series of payments using cryptocurrency, which would allow payments to be made to him. He made a series of payments from his overseas account and then finally one using his newly-opened Monzo account.

Mr V subsequently realised he'd been the victim of a scam.

Mr V took his complaint to Monzo in 2023 but never received any final response.

Our investigator reviewed the evidence which initially didn't include anything from Monzo. There was nothing to show Monzo had been concerned enough by the payment Mr V was making to intervene. Our investigator believed Monzo should have done more. However he also felt that Mr V's actions contributed to what happened so he felt Monzo should refund half of the money Mr V lost.

Monzo disagreed and felt this didn't reflect the Supreme Court hearing on similar cases and banks' obligations. They've asked an ombudsman to consider this complaint.

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 our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Mr V was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through.

There's no dispute that Mr V made and authorised all of the payments. Mr V believed he was carrying out tasks and payments as part of the employment he was being offered. He was continually reassured by comments from other individuals supposedly carrying out the same

tasks.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Monzo has an obligation to follow Mr V's instructions. So in the first instance Mr V is presumed liable for his loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Monzo should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

Mr V fell victim to an employment scam. These unfortunately aren't particularly unusual but are invidious in the way those carrying out the scam inveigle themselves into someone's trust.

I would like to reassure Monzo that I've taken into account the detailed evidence they submitted to our investigator but generally agree with the comments our investigator made. I've not gone through the detailed history of this scam as our investigator completed two views on 26 March and 15 April covering these aspects, most of which are not in dispute.

At no stage did Monzo intervene or ask Mr V what he was doing. They've said they *"didn't detect the payment as high risk therefore it didn't merit a warning"*. They don't believe that payments to a cryptocurrency account per se should be considered as risky. I find this odd. Mr V was a new customer. They had no history of usage to review and had no way of knowing whether Mr V was a victim of a scam or not.

Whilst obviously payments to a cryptocurrency account are not obviously all fraudulent, they are on occasion fraudulent and frequently used in scams as they are untraceable.

Based on the rules that banks are subject to, I consider Monzo should have done more and intervened. And if they had done so, they would most likely have learned that Mr V had already made a number of payments to this supposed employment company and could have alerted him to the likelihood of this being a scam.

I think it's more than likely at this stage – as this came after a number of payments Mr V had already made – Mr V would have accepted what Monzo were saying.

Putting things right

I'm going to be asking Monzo to only pay half of Mr V's loss. This amounts to £1,650. I say this because:

- I'm not convinced Mr V carried out suitable research into the company he was supposedly employed by. He says as he couldn't see any online reviews he felt they must be a new company. However I think there were a number of reasons he could have considered suspicious. Some of the messages he received from people quoted massive figures in terms of what they were earning. I think anyone should immediately think these amounts were highly unlikely.
- The fact that payments were to be made using crypto currency should also have alerted Mr V.

8% simple interest a year will also need to be added to this amount from the date of Mr V's loss. I know that Mr V has already confirmed to us through his representatives that he will accept this resolution.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- Refund £1,650 to Mr V; and
- Add 8% simple interest a year from 29 September 2023 to the date of settlement.

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

Sandra Quinn
Ombudsman