

The complaint

Mr R complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In September 2023, Mr R received a message from a friend of his on a social media platform about investing in cryptocurrency. The friend said they had successfully invested several times and suggested Mr R started investing too. Mr R then got in touch with the investment company his friend mentioned, who guided him through purchasing the cryptocurrency he would use for this investment. And Mr R made a payment of £500 from his Monzo account to purchase the cryptocurrency.

Unfortunately, we now know his friend's social media account had been hacked and the investment company was a scam. After the scam was uncovered, Mr R reported the payment he had made to Monzo and asked it to refund the money he had lost.

Monzo investigated but didn't agree to refund the payment Mr R had made as it said the payment had gone to a genuine cryptocurrency exchange, and then been lost from there. It also said Mr R had made payments of similar amounts previously, so it didn't think this payment was unusual. Monzo paid Mr R £20 as compensation for delays in responding to his claim, but didn't agree to refund the money he had lost. Mr R wasn't satisfied with Monzo's response so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the payment Mr R made was particularly unusual or suspicious, so didn't think Monzo had done anything wrong or missed an opportunity to prevent the scam. Mr R disagreed with our investigator, so the complaint has been 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.

Banks are expected to make payments in line with their customers' instructions. And Mr R accepts he made the payment here. So while I recognise he didn't intend for the money to go to scammers, he did authorise the payment. And so the starting position in law is that Monzo was obliged to follow his instructions and make the payment. So Mr R isn't automatically entitled to a refund.

However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, 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 (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks 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 customers from the possibility of financial harm from fraud.

And so I've also considered whether Monzo should have identified that Mr R was potentially at risk of financial harm from fraud as a result of this payment.

But the payment Mr R made here wasn't for a particularly large amount, or an amount where I'd have expected Monzo to have identified it as suspicious based on its size alone. Mr R had made a number of payments for what I'd consider to be similar amounts in the months before the payment. And there wasn't anything else about the payment that I think should have made it stand out to Monzo as suspicious or unusual.

So I wouldn't have expected Monzo to identify that Mr R could be at risk of financial harm as a result of any this payment. And I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing it to go through, and just followed his instructions and made the payment.

Mr R has mentioned the vulnerable position he was in at the time and the impact this scam has had on him. Any my intention isn't to diminish the difficulties the health issues and disabilities he's told us about can cause, and I don't underestimate the impact the scam has had on him. But, from what I've seen, I don't think his circumstances were such that I would have expected Monzo to have taken significantly different action. And so I still don't think Monzo acted unreasonably in allowing the payment to go through.

I sympathise with the position Mr R has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Monzo has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam. And so I don't think it would be fair to require it to refund the payment he made.

Mr R has also suggested Monzo should have done more to try to recover the money he lost. And we expect businesses to take reasonable steps to help customers recover any money they have lost as a result of a scam – including making use of any available chargeback scheme.

But banks can only try to recover the money from the account it was sent to, and the payment Mr R made here was sent to a cryptocurrency exchange to purchase cryptocurrency. And I haven't seen anything to suggest the cryptocurrency exchange itself did anything wrong. So I don't think any recovery or chargeback attempt against the cryptocurrency exchange would be successful.

Monzo has paid Mr R £20 as compensation for the delays in its response to his claim. And, from the evidence I've seen, I think this offer is fair and reasonable compensation for the distress and inconvenience this poor customer service caused to Mr R.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 June 2024.

Alan Millward
Ombudsman