

## The complaint

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

## What happened

Mr K is represented in this case but for ease I'll refer to Mr K throughout my decision.

Mr K says that he was contacted on a social media application by someone who said they were affiliated to a well-known company and offered a remote job role. Mr K was interested in the role as he wished to supplement his income. He was told that the role involved rating products to boost sales and earn commission and was provided with a link to a website.

Mr K was told that sometimes combination tasks would appear on his account. These tasks attracted higher commission but took the account into a negative balance. As a result, Mr K was required to fund the account by buying cryptocurrency via a peer to peer method. Mr K was told that on completion of a set of tasks he would receive the deposit back with the boosted commission.

Mr K paid for the first set of combination tasks from an account with another provider and was able to see the higher commission in his account. He then received further sets of combination tasks and made the payments in the table below from his account with Monzo. Recipients one and two were individuals and recipient three was an online trading provider.

Transaction	Date	Amount	Recipient
1	11/08/23	£1,290	1
2	11/08/23	£500	2
3	12/08/23	£600	3
4	12/08/23	£1,215	3
<b>Total</b>		<b>£3,605</b>	

After making these payments and completing the relevant tasks Mr K was asked to pay a further £2,700. He didn't have the funds and realised he was the victim of a scam. Mr K reported what had happened to Monzo via its chat function on 12 August 2023.

Monzo didn't agree to reimburse Mr K's loss. It said it hadn't been able to progress Mr K's scam report because he hadn't provided information it had requested. Monzo also said that it breached its internal timescales and credited his account with £50 to compensate him.

Mr K wasn't happy with Monzo's response and brought a complaint to this service.

Monzo told this service that although it isn't signed up to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) it had considered his complaint under it but could reasonably rely on an exception to reimbursement.

*Our investigation so far*

The investigator who considered this complaint recommended that it be upheld in part. He said that the CRM Code doesn't apply to this case because Mr K bought cryptocurrency from legitimate sellers. He went on to say that the scam payments weren't so unusual or out of character that Monzo ought reasonably to have intervened when they were made as Mr K had made payments of similar amounts on multiple occasions. But the investigator thought that Monzo took too long to make a decision about Mr K's claim and recommended that it pay an additional £50 compensation.

Mr K didn't agree with the investigator's findings, so the complaint has been passed to me to decide. He said that the two transactions on 12 August 2023 should have raised concerns with Monzo because of their value, the frequency of payments and the beneficiary.

### **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.

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

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 Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is 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 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.

Whilst I accept Mr K is the victim of a scam this doesn't automatically mean that Monzo should refund him. I can only ask Monzo to refund Mr K if I conclude it should have done more to prevent the payments from being made. I've considered the position carefully.

Whilst I appreciate that the loss was significant to Mr K, the value of each transaction was relatively low. The first two transactions were to individuals and were in line with usual spending on the account. For example, on 1 August 2023 there was a payment of £1,090. Transactions three and four were to a legitimate online trading provider. I'm not persuaded this meant they were so unusual and out of character that Monzo ought to have intervened when they made, particularly given the value of them. And whilst I appreciate Mr K's balance was almost depleted after the final scam payment, this too wasn't unusual for him.

There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as the

ones Mr K made were blocked while further enquiries were made, many genuine payments would be stopped which would cause significant disruption and delay.

The CRM Code doesn't apply to any of the transactions Mr K made so I can't apply it here.

I turn now to the service provided by Monzo once the scam was reported. Mr K first notified Monzo of a scam claim on 12 August 2023. Monzo didn't tell Mr K the result of its investigation until nearly seven weeks later. During the intervening period, Mr K repeatedly let Monzo know that the loss of funds was causing him financial difficulty and making him sad and depressed. I'm pleased to see that Monzo referred Mr K to external organisations that might be able to support him but think it took too long to provide an outcome. Mr K's case wasn't complex.

Monzo credited Mr K's account with £50 to compensate him for the stress and inconvenience caused by its delay. The investigator recommended that Monzo increase this figure to £100 and Monzo has agreed to pay this. I think a total compensation figure of £100 is fair and reasonable so am not recommending that Monzo pay anything more. Monzo took too long to reach a decision which caused Mr K additional stress and inconvenience at an already difficult time but took steps to signpost him to external organisations that could provide support.

Given that Mr K paid legitimate providers of cryptocurrency and received the service he expected there was nothing Monzo could have done to recover his funds.

I'm sorry Mr K has had to contact us in these circumstances. I accept he's been the victim of a cruel scam, but I can't reasonably ask Monzo to reimburse him.

### **My final decision**

For the reasons stated I uphold this complaint in part and require Monzo Bank Ltd to pay Mr K an additional £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 July 2024.

Jay Hadfield  
**Ombudsman**