

## The complaint

Mr W is unhappy 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 background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In or around September 2023, Mr W was contacted by somebody, who told him they had found his details on a company database, regarding a job opportunity. Mr W has said he looked up the company's website and it looked professional. But unfortunately, he hadn't been contacted by a legitimate recruiter, but by a fraudster.

He was told that he'd need to complete tasks on an online platform. Mr W has said he completed some initial tasks and received some commission for this. The scammers then persuaded Mr W to pay his own money to them to unlock higher-value tasks and to earn more commission.

Mr W made payments to a third-party cryptocurrency platform. His payments were then converted into cryptocurrency which was transferred into the control of the fraudsters. He used his Monzo card to make the following payments;

25 September 2023 @ 8:03am	£1,456.84
25 September 2023 @ 9:21am	£1,241.40

Mr W realised he'd been scammed when he attempted to make a further payment for £4,787.32. This payment was picked up as suspicious by Monzo's fraud detection systems, so it stopped the payment and contacted Mr W to ask about it and it became apparent that Mr W had been dealing with fraudsters.

Mr W raised a fraud claim with Monzo, but it didn't agree to reimburse him.

Unhappy with Monzo's response, Mr W brought his complaint to this service. One of our Investigator's looked into things and, in the absence of any submissions from Monzo, thought the complaint should be upheld. However, following receipt of Monzo's file and having considered matters again, our Investigator didn't think this was a complaint that should be upheld.

In summary, our Investigator didn't think the transactions ought to have triggered an intervention by Monzo. They added that as Mr W had paid a legitimate crypto exchange account in his own name, Monzo wouldn't have had any opportunity to recover the money Mr W had lost.

Mr W didn't agree with our Investigator's view. As agreement couldn't be reached the complaint has been passed to me for a 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.

I'm mindful in his submissions Mr W has referred to other payments he made, as part of the same scam, being refunded by another banking provider with which he holds an account. However, to clarify, this decision focuses solely on the actions of Monzo and the disputed payments made from Mr W's Monzo account.

Having carefully considered everything I'm not upholding Mr W's complaint. I know this will be disappointing for him and he feels strongly that this money should be returned to him, so I'll explain why.

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.

However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Monzo) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

I've considered whether there was anything about the circumstances surrounding the payments that could have put Monzo on notice that they were being made as part of a scam. And I don't think there was.

I say this because this was a newly opened account, so there was no spending history to compare the payments with. As well as this, the payments were to a legitimate cryptocurrency exchange and although they were not for insignificant amounts, I don't think there was enough going on at this point to have alerted Monzo that Mr W might have been at risk of financial harm. It follows that I don't think Monzo has made an error in allowing these two payments to be made.

I think it's worth mentioning that I note Monzo did go on to intervene when Mr W attempted to make a further payment, which I think was the right thing to do. But at this point, Monzo would have had the benefit of seeing further factors that would have helped it identify the potential risk (such as the third payment to a new crypto payee within a relatively short period of time and importantly a significant uplift in the value of the payment being attempted) – so I think it was reasonable for Monzo to intervene at this point, rather than sooner.

### *Recovering the payments Mr W made*

Finally I've considered whether Monzo did all it could to try and recover the money Mr W had sadly lost, after it became aware of the fraud.

In the circumstances of this case, the payments were made by card. When payments are made by card the only recovery option Monzo has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Here Mr W didn't make the payments directly to the fraudster from his Monzo account, he paid a separate cryptocurrency exchange (before then sending the funds on from there). This is important because Monzo would only have been able to process chargeback claims against the merchant he paid (the cryptocurrency exchange), not another party (such as the accounts the fraudsters controlled that went on to receive the funds from the cryptocurrency exchange).

The service provided by the cryptocurrency exchange to whom Mr W sent the payments would have been to convert or facilitate the conversion of Mr W's payments into cryptocurrency. Therefore, in doing so, it provided the service that was requested; that being the purchase of the cryptocurrency. The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr W paid.

Given there was no realistic prospect of success for a chargeback, and chargebacks are voluntary, I think it was fair and reasonable for Monzo not to attempt one in the circumstances of this case.

Mr W has my considerable sympathies. He's found himself in an unenviable situation where he has lost money to a fraudster. But overall, for reasons explained above, I don't find that Monzo could have prevented the loss or is liable in any way. So it isn't required to reimburse 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 W to accept or reject my decision before 21 November 2024.

Stephen Wise  
**Ombudsman**