

The complaint

Miss B complains that Monzo Bank Ltd won't reimburse her after she fell victim to a job scam.

Miss B is professionally represented in bringing her complaint to our service, but for ease of reference I'll refer to all submissions as being made by Miss B directly.

What happened

In around September 2023, Miss B was approached via an instant messaging app by an individual purporting to work for a recruitment company. As Miss B had been looking for work, this did not appear unusual to her. Miss B expressed her interest and was passed on to another individual who claimed to work for the company offering employment. Unfortunately, unbeknownst to Miss B at the time, both individuals she'd spoken to were in fact fraudsters.

Miss B was told the job entailed working for a known firm, improving sales and the authenticity of their data for them. Miss B was told she needed to complete 38 'orders' per day and that she could earn £3,000 per month, plus additional payments for working consecutive days. Miss B was told the job would take around 20-40 minutes per day to complete.

Miss B created an account with the firm, as well as separate cryptocurrency accounts. She was told that for some orders, she would need to add funds to her account via cryptocurrency. Miss B was also added to an instant messaging group with other fraudsters posing as 'employees'. The 'role' appeared to start well – Miss B was told to 'practice' on her mentor's account. She sent £75 towards the platform and was able to withdraw £140.31 back after completing her tasks. However, when Miss B attempted to complete her own 38 tasks, she kept receiving requests for further funds to be added to her account, increasing in value each time.

Miss B made payments towards the scam from her Monzo account via peer-to-peer (P2P) lending and card payments to cryptocurrency platforms. She also used another of her e-money accounts to make further payments. She borrowed from friends and attempted, unsuccessfully, to take loans out. However, when she could obtain no further funds to finish her tasks, and her work 'mentor' kept pushing for her to find more funds, she realised she'd fallen victim to a scam. The payments she made from her Monzo account are as follows:

Date	Value	Payment type
23/09/2023	£75	Card payment to cryptocurrency platform
24/09/2023	£370	Card payment to

		cryptocurrency platform
26/09/2023	£3,000	Faster payment (P2P)

Miss B raised a complaint with Monzo about the above payments but received no response within the permitted timescales. She therefore referred the complaint to our service. Monzo failed to provide a business file to the investigator within the requested timescales.

An investigator considered Miss B's complaint but didn't uphold it. He thought that for the third payment Miss B made, Monzo ought to have asked a series of questions to better establish the potential scam risk and then provide a warning that covered the risk identified. However, having reviewed the conversation Miss B had with the fraudster, as there was coaching on how to answer questions posed by other financial institutions, the investigator concluded that had Monzo asked questions about the payment, it's more likely than not that Miss B wouldn't have been honest about why she was sending money and as a result, any warning message Monzo provided wouldn't have impacted her decision to send the funds.

Miss B disagreed with the investigator's view. She said Monzo ought to have contacted her when she made the third payment, and it's impossible to predict how she would have reacted, had she received appropriate warnings.

As Miss B disagreed with the investigator's view, the complaint has been passed to me for a final decision. Since the case has been with me for decision, Monzo has provided its business file, which I've also reviewed.

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.

There's no dispute that Miss B authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of her account she is presumed liable for the loss in the first instance. The Contingent Reimbursement Model (CRM) Code does provide further protection for *some* payment transfers that were made as the result of a fraudster. However, the CRM Code does not include card payments, or peer-to-peer lending, as was the case for these payments.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Monzo ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In addition, since 31 July 2023 when the Financial Conduct Authority's (FCA) Consumer Duty came into force, there are additional obligations on firms to avoid foreseeable harm to customers. As a result, where it would be considered appropriate based on the risk level, we'd expect warnings provided by firms to be more 'dynamic', asking questions to better understand the scam risk and for these questions to cover potential job scams, as this was.

Miss B had only recently opened her Monzo account and these were the first payments being made out of it. Therefore, there wasn't any typical spending for Monzo to compare these payments to. While Miss B's first two payments went to identifiable cryptocurrency platforms which are known to carry a higher fraud risk, I've also kept in mind that Monzo will

process thousands of genuine cryptocurrency transfers daily, the vast majority of which will be genuine payments. Therefore, as these payments were moderate in value, I wouldn't have expected Monzo to have taken any preventative steps, prior to processing the payments.

Miss B's third payment wasn't *identifiably* going towards cryptocurrency, but nevertheless, based on the value of the payment I think Monzo ought to have taken some steps to protect Miss B from financial harm from fraud. As already mentioned, on 31 July 2023, the FCA's Consumer Duty came into force, which placed expectations on firms to provide better, dynamic warnings to understand the nature of payments being made. I therefore think proportionate action for Monzo to have taken would have been to ask some further questions on the payment purpose to better understand what scam risks were present and provide a warning, based on Miss B's answers.

Having reviewed Monzo's file, I can see that it didn't question Miss B on any of the three payments made, like I've determined it should have. I've therefore considered what would have happened, had Monzo provided dynamic questioning on the third payment Miss B made.

Having reviewed Miss B's correspondence with the fraudster in full, I can see that when Miss B was asked for payment purposes by her other account provider, she asked the fraudster what purpose to select, despite there being an option for making payments towards employment, which was clearly applicable here. She then went on to provide incorrect information to her other account provider (stating payments were for 'buying goods') on the fraudster's advice. Therefore, considering all available evidence, I think that had Monzo questioned Miss B on what her third payment was for, she would also have provided an incorrect response as advised by the fraudster, and as a result, Monzo would've provided a warning for other unrelated scams that wouldn't have resonated with Miss B to stop her making this payment.

I appreciate Miss B has said that it's impossible to know what she would've done, had Monzo provided a warning. While I agree we can never know with certainty, I have to consider all available evidence to determine what I think is most likely. Considering the contemporaneous evidence on this complaint of how she responded to a similar situation with another account provider, I think it's most likely Miss B would've followed the guidance of the fraudster on how to respond to any questions posed by Monzo. Therefore, even if Monzo had questioned Miss B as I would've expected it to, I don't unfortunately think this would've prevented the scam from occurring.

I've also thought about Miss B's comments that she was particularly vulnerable to this scam, as she had a young child and was on a low income. As Miss B's payments aren't covered by the CRM Code, there is less protection for reimbursement when considering vulnerability to a scam. I would instead need to consider what Monzo was aware of and whether it should've done more to protect her, considering any vulnerability. As Miss B had only recently opened her account with Monzo, I see no reason Monzo would've been aware of Miss B's circumstances, and therefore I don't think it had reason to be more alert to payments she was making.

I've gone on to consider whether I think Monzo could have recovered any funds, once it was made aware of the scam. Unfortunately, Miss B made all her payments to cryptocurrency, either directly to a platform, or through P2P lending – meaning the movement of funds wasn't the point of loss, but the onwards movement of cryptocurrency was. Sadly, this is a tactic commonly used by fraudsters as it makes the tracing of funds by a victim's bank far more difficult. Therefore, I don't think Monzo had any prospects of successfully recovering Miss B's funds.

Overall, while I'm sorry to disappoint Miss B – and while I don't underestimate the awful impact this scam will have had on her, I simply can't conclude, based on the available evidence, that Monzo would have been able to prevent her losses, based on any proportionate action I'd have expected it to take. As I don't find Monzo could have prevented her from making payments, it follows that I don't hold it liable to reimburse any payments she made from her account.

My final decision

My final decision is that I don't uphold Miss B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 November 2024.

Kirsty Upton
Ombudsman