

## Complaint

Mr and Mrs T complain that Monzo Bank Ltd allowed one of its customers to receive fraudulent funds. Although this is a joint complaint, it was Mrs T who interacted with the scammer and so I've generally referred to her in the text of the decision.

## Background

Mrs T saw an advert online for an investment opportunity. The advert talked about public figures who had made significant profits from cryptocurrencies. She completed a form to provide her contact details and, shortly afterwards, someone contacted her and persuaded her to invest. Unfortunately, this wasn't a genuine investment opportunity. She'd been contacted by a fraudster.

She made a payment of £250 by debit card. She was given access to a platform to see how her investment was performing. Over the weeks, her initial deposit of £250 had grown to nearly £60,000. She was told that she needed to withdraw her profits or risk losing them. However, the fraudsters told her she'd need to make a commission payment of £9,939. She made that payment using her account with a different business which I'll refer to as B. The following day, the fraudster asked her to make a further payment of £8,000. It was at that point that she realised she must have fallen victim to a scam.

She notified her bank which agreed to refund 50% of her losses. She has since complained about Monzo's role as the recipient of her funds. It didn't agree to refund the remaining 50% of her loss. Mrs T was unhappy with that and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it.

Mrs T didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The rules that apply to this service are known as the DISP rules. DISP 2.7.1R says that this service can only consider a complaint if it is brought by or on behalf of an *"eligible complainant."* DISP 2.7.6R goes on to say that, in order for a person to be an eligible complainant, their complaint must arise from matters relevant to a particular type of relationship with the firm responding to the complaint.

There are around twenty of these and I'm satisfied the one listed at DISP 2.7.6R (2B) is applicable here. This says that a valid relationship between the consumer and the firm includes one where *"the complainant is a person that has transferred funds as a result of an alleged authorised push payment fraud and [...] the respondent is (or was) involved in the transfer of funds ..."*

Although Monzo was operating an account that was used to receive and move on

fraudulently obtained funds, it doesn't automatically follow that Mrs T is entitled to a refund or that it reasonably failed to prevent her loss. I can only ask it to refund her if I think it has failed in such a way that it can fairly and reasonably be concluded that its act or omission was the cause of that loss.

It had several obligations in its role as the receiving bank. Briefly summarised, it needed to carry out appropriate checks on prospective customers when opening new accounts, be on the lookout for activity on that account that might suggest it was being used for fraud and also to act quickly once on notice that fraudulently obtained funds had been paid into it.

From the evidence it has shared with us, I can see it completed identification checks in line with its regulatory obligations. The relevant regulations say that it needed to *"verify the identity of the customer ... before the establishment of a business relationship ..."* From the evidence provided to me, the account holder completed an application form and provided one form of identification - a driving licence. The address on the driving licence matched the one he gave on the application form.

Overall, Monzo carried out the standard customer checks I'd have expected and there wasn't anything that ought to have put it on notice of the risk that the account would eventually be used to receive fraudulent funds, nor was there anything in the way the account was used that would've indicated that it was now being used for fraudulent purposes.

Finally, I've considered whether it did everything it should've done once it was notified that a scam had taken place. It was expected to respond to the sending firm (Mrs T's bank) in a timely fashion and, where possible, take reasonable steps to freeze funds remaining in the account. Unfortunately, Mrs T's payment was moved out of the receiving account within just a few minutes. The scam wasn't reported until later and so there were almost no remaining funds to be recovered.

I don't say any of this to downplay or diminish the fact that Mrs T has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is limited to looking at the actions and inactions of the bank and I'm satisfied it didn't do anything wrong here.

### **Final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 23 August 2024.

James Kimmitt  
**Ombudsman**