

The complaint

Mr R complains that Monzo Bank Ltd won't refund 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 October 2023, Mr R became aware of an investment opportunity through social media. He's said the investment promised returns of 2.5% a day, with profits being able to be withdrawn after 21 days. Mr R has explained that he was personally aware of people who had invested and had made a profit through the same investment.

Mr R expressed an interest in the investment and was contacted by who he thought was an account manager. He's said he was asked to upload his passport, for identification purposes, which further persuaded him that this was a legitimate opportunity. Believing everything to be genuine, on 29 October 2023, Mr R made a payment for £1,000 from his Monzo account to a cryptocurrency account / wallet, which had been set up in his name. But unknown to him at the time Mr R was dealing with fraudsters, who had subsequently moved the money from Mr R's wallet to accounts they controlled.

Mr R realised he'd been scammed, when after 21 days he tried to withdraw his money. But he was unable to and was told by the fraudsters that the account had been shut down and he shouldn't engage with them.

Mr R reported the scam to Monzo and it looked into his complaint. Monzo issued its final response on 5 March 2024 not upholding the complaint. In summary this was because it said the payment from Mr R's Monzo account wasn't the scam payment, rather the fraudulent payment was from Mr R's cryptocurrency wallet. Monzo acknowledged it could have dealt with Mr R's complaint in a timelier manner, in recognition of this it compensated Mr R with £50.

Unhappy with Monzo's response, Mr R brought his complaint to this service. One of our Investigator's looked into things, but didn't think the complaint should be upheld. In summary, this was because she didn't think Monzo had made any errors in allowing the payment to be processed. She also didn't think Monzo had missed an opportunity to try and recover the money Mr R had lost through the chargeback process.

Mr R 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 can quite understand why Mr R would like Monzo to refund him under the Contingent Reimbursement Model Code (CRM code). The CRM code is a voluntary code through which victims of Authorised Push Payment (APP) scams can sometimes get their money back from the banks involved in the payments. But in this particular case, I'm afraid the CRM code doesn't apply here as the code doesn't cover card payments or me-to-me payments. The payment I'm considering here was both, as the funds were paid, by card, direct to an account in Mr R's name. So the CRM code isn't a relevant consideration in this case.

I've gone on to consider Monzo's wider obligations when dealing with authorised push payment scams. In line with the Payment Services Regulations 2017 and the account terms and conditions, Monzo is expected to execute authorised payment instructions without undue delay.

It's not disputed that Mr R was duped, but nor is it disputed that he requested the payment. So the starting position is that he's liable for the resultant loss. But there are some situations where we believe that banks, taking into account relevant rules, codes and best practice ought to have identified a fraud risk, so should have looked at the wider circumstances surrounding the transaction before deciding whether to make the payment(s).

If Monzo failed to do so adequately, causing a fraudulent loss, it might be fair to hold it liable. Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There is a delicate balance to be struck. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one.

Having thought about this carefully in the circumstances of Mr R's case, on balance, I can't fairly say that the transaction here was so unusual or suspicious that it ought to have alerted Monzo that Mr R was at risk of financial harm. Mr R opened his Monzo account on 16 September 2023, so less than a month before he made the disputed payment, which ultimately ended up with the fraudsters. Because of this, there wasn't a great deal of historical spending on the account to have allowed Monzo to assess whether the payment was unusual for Mr R.

I don't think, in and of itself, that the payment of £1,000 would have appeared as so unusual or suspicious to Monzo that it ought to have given it cause for concern that Mr R may have been at risk. In the circumstances of this case, I say that especially as, even though the account hadn't been opened for very long, in the short period of time it had been opened Mr R had made a larger value transaction and to what appeared to be a crypto related company.

So considering what Monzo knew at the time, on balance, I don't think I can fairly or reasonably say that the payment ought to have stood out as being unusual. I don't think Monzo could reasonably have foreseen that the transaction would cause Mr R harm, and so I don't think Monzo could reasonably have been expected to intervene here.

I've considered whether Monzo did all it could to recover the money Mr R lost, once it was aware of the scam. Specifically here, I've considered whether the chargeback process was an option for Mr R. A chargeback is a voluntary scheme run by card scheme providers. It arbitrates on disputes between a customer and a merchant where they haven't been able to resolve matters themselves. The arbitration process is subject to the rules of the scheme and there are only limited grounds on which a chargeback can be raised. Chargebacks raised outside of these grounds are deemed invalid.

From the evidence I've seen the records show the payment went to a genuine cryptocurrency exchange firm. The service provided by the firm would be to convert the

money into cryptocurrency. The merchants Mr R paid provided the service asked for, therefore there are no chargeback rights under the scheme - albeit I accept Mr R wouldn't have been aware that he was sadly falling victim to a scam at the time he made the payment. Overall, I don't think Monzo acted unfairly by choosing not to raise chargeback claims on Mr R's behalf.

Finally, Monzo compensated Mr R with £50 in recognition of the distress and inconvenience that was caused by the poor customer service it provided when responding to his complaint. I'm satisfied this was fair and reasonable and I won't be ordering Monzo to pay anymore.

I am sorry to disappoint Mr R, he was the victim of a cruel scam and he has my sympathy that he has lost money in this way. However, I can't fairly say that Monzo should be responsible for refunding him the money he lost.

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 R to accept or reject my decision before 5 July 2024.

Stephen Wise
Ombudsman