

The complaint

Mr K complains about Monzo Bank Ltd.

He says that Monzo didn't do enough to protect him when he became the victim of a scam and would like Monzo to refund him the money he has lost.

What happened

Mr K had been looking for part time work when he was contacted via WhatsApp by an individual who claimed to work for Ripe Media (a legitimate company).

The individual offered Mr K a role in digital marketing where he would be required to 'optimize' apps by driving traffic to them via various means.

It was explained that Mr K would need to pay upfront to purchase the 'tasks' he would need to complete and would then receive commission. The payment was to be made by cryptocurrency.

Mr K agreed and made the following payments.

Date	Payee	Payment type	Amount
27 June 2023	Onlychain	Card payment	£80.95
27 June 2023	Onlychain	Card payment	£10
28 June 2023	Onlychain	Card payment	£815.87
28 June 2023	Onlychain	Card payment	£264.75
29 June 2023	Onlychain	Card payment	£1,221.14
29 June 2023	Onlychain	Card payment	£3,200
29 June 2023	Onlychain	Card payment	£60
		Total	£5,652.71

Unfortunately, Mr K had fallen victim to a scam.

He complained to Monzo, but it didn't uphold his complaint. Mr K then brought his complaint to this Service. Our Investigator looked into things, and initially thought Mr K's complaint should be upheld in part – however they then said that the complaint shouldn't be upheld.

Mr K asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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.

Having done so, I've decided not to uphold Mr K's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mr K, so I'll explain why.

It isn't in dispute that Mr K has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 having been good industry practice at the time.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr K authorised the payments in question – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the above, 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.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr K when he authorised payments from his account or whether it could and should have done more before processing the payments.

Looking at the payments Mr K made, I am not persuaded that the first five transactions warranted Monzo to have had any concerns that Mr K may be at risk of financial harm – they weren't for large amounts of money, and as I've explained above, there is a balance to be struck between processing payments on request and businesses can't be involved in every transaction.

Our Investigator thought that the payment for £3,200 needn't have necessarily triggered Monzo to get in touch with Mr K to check what was going on, however I think that Monzo *should* have got in touch with Mr K at this point and provided him a written warning about

crypto investment scams, as the payment was identifiably going to a crypto exchange which carries an elevated risk.

But in order for me to uphold this complaint, I would also need to think that such a warning would have prevented Mr K's loss— and I'm afraid that I don't think that it would. Mr K had fallen victim to a job scam – not a crypto investment scam – and so the warning would not have been applicable to his personal circumstances. So, I don't think that a warning about crypto investment scams would have persuaded him not to make the payment.

I have considered if this warning should have also covered 'job scams' – however at this time, the most common scam involving crypto currency was an investment scam, so I don't think Monzo was required to provide such a warning at the time Mr K was making these payments. I also don't think that the payment was so unusual to have prompted Monzo to have gone beyond this with a human intervention.

I am very sorry to learn of the situation Mr K now finds himself in – he has been the victim of a cruel scam and has lost a lot of money as a result – but this is the fault of the scammers themselves, and I can't ask Monzo to refund Mr K when I don't think it has done anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 July 2024.

Claire Pugh
Ombudsman