

The complaint

Mr A complains that Monzo Bank Ltd ('Monzo') won't refund the money he lost when he fell victim to a scam.

What happened

Mr A has a professional representative but as the account with Monzo is in his name I'll refer to Mr A throughout my decision.

Mr A says that he received a message about a remote job opportunity. He expressed an interest and was provided with a link to a company's platform and was asked to create an account. Mr A was told that the role involved completing sets of tasks to boost sales. When he completed a set of tasks, he would receive a commission. Mr A's account went into a negative balance, and he was told that he needed to make a deposit to maintain a positive balance.

Mr A made the following card payments to a cryptocurrency exchange and then to wallet details provided to him by the company:

Transaction no	Date	Amount
1	29/01/23	£34
2	31/01/23	£10
3	01/02/23	£51.25
4	01/02/23	£208.08
5	02/02/23	£222.27
6	02/02/23	£51.50
7	02/02/23	£472.73
8	03/02/23	£174.10
9	03/02/23	£540.67
10	03/02/23	£218.07
11	03/02/23	£1,029.63
12	04/02/23	£1,308.08
13	04/02/23	£1,308.08
14	04/02/23	£261.62
Total		£5,890.08

Mr A realised he was the victim of a scam when he was asked for more money and the scammer put pressure on him. He reported what had happened to Monzo.

Monzo didn't reimburse Mr A. It said that the payments from his Monzo account weren't the scam payments – which were sent from Mr A's cryptocurrency wallet. Monzo also said it had no chargeback rights.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that given the varying values of the transactions he wouldn't have expected Monzo to have had any concerns until the second payment of £1,308.08. At this stage, the investigator thought Monzo ought to have provided a warning tailored to cryptocurrency investment scams. But he didn't consider that such a warning would have made a difference given that Mr A fell victim to a job scam.

Mr A didn't agree with the investigator's findings. In summary he said:

- He acknowledged the varying values of the transactions but said the frequency and escalation of payments to a cryptocurrency provider should have been a red flag to Monzo. And the transactions weren't in line with Mr A's usual account activity, especially as he hadn't invested before.
- A tailored cryptocurrency warning could have been effective even in the context of a job scam. Such a warning could have prompted Mr A to consider the legitimacy of the whole proposition, and Monzo could have covered requests to perform certain tasks or to make payments as part of an employment opportunity.
- Job scams of this nature were well-known in the industry at the time and banks have a duty to keep up to date with emerging scam trends and update their warnings accordingly.

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.

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 to be good industry practice at the time.

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 Payment Services Regulations and the terms and conditions of the customer's account.

The CRM Code doesn't apply to card payments, so it isn't relevant here.

Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, 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.
- Have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I don't consider Monzo acted unfairly or unreasonably in processing the card payments.

The first eleven transactions were low in value and the cumulative value of them was around £3,000. Four transactions were below £100 and most of the rest were below £500. They were spaced out between 29 January and 3 February 2023 and didn't follow a common pattern of transactions as the values went up and down. The next transaction was for £1,308.08. Whilst this was higher than previous transactions, I'm not persuaded Monzo ought reasonably to have recognised that Mr A was likely falling victim to a scam.

There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

By the time Mr A made payment thirteen in the table above though, I consider Monzo should have provided a warning tailored to cryptocurrency investment scams.

Like the investigator, I don't consider a warning of this nature would have prevented Mr A's loss, as he wasn't falling victim to an investment scam but to a task based job scam. I'm not persuaded a warning that covered the essential features of a cryptocurrency investment scam would have had any impact on Mr A's decision making. I note that Mr A said in his response to the investigator's view that a cryptocurrency investment scam warning could have covered requests to perform certain tasks, or to make payments as part of an employment opportunity. But I wouldn't expect a cryptocurrency investment scam warning to include these features. And at the time the payment was made, I wouldn't have expected Monzo to go further and establish what the cryptocurrency payment was for or to provide warnings in respect of a job scam.

As Mr A's payments were made by card, I've also considered chargeback. But Mr A paid a legitimate cryptocurrency exchange and would have received a service from that exchange which would have involved changing his payment into cryptocurrency before sending it to the wallet address he provided. Monzo could only process a chargeback claim against the cryptocurrency exchange, but as it provided the service expected of it a chargeback claim would have no prospect of success. So I don't consider Monzo acted unreasonably in not raising a claim.

Overall, while I'm sorry to hear about Mr A's loss, I can't reasonably ask Monzo to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 September 2024.

Jay Hadfield
Ombudsman