

## **The complaint**

Mr M complains that Monzo Bank Ltd hasn't refunded him after he fell victim to a scam.

## **What happened**

I issued a provisional decision for this complaint on 9 May 2024, the content of which has been added to the end of this final decision in *italics*. The background and my provisional findings are set out there, and so I won't repeat the detail here.

Monzo has since responded to say it accepts the provisional decision and has nothing further to add.

Mr M has responded to say he doesn't accept the provisional decision but has nothing further to add.

## **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 set out my intended findings in my provisional decision and these can be found at the end of this final decision.

As neither party has added further comments or evidence, I see no reason to depart from my intended findings and I'm not upholding Mr M's complaint.

## **My final decision**

I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 June 2024.

## ***Provisional Decision – issued 9 May 2024***

*I've considered the relevant information about this complaint.*

*I don't intend to uphold the complaint and have set out my reasoning below.*

*I'll look at any more comments and evidence that I get by 30 May 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.*

## ***The complaint***

*Mr M complains that Monzo Bank Ltd hasn't refunded him after he fell victim to a scam.*

## **What happened**

*The background to this complaint is well-known to both parties, and so I'll only provide a summary of key events here.*

*Mr M was contacted through WhatsApp by an unknown party. The contact set out an offer of work, based on completing review tasks online in return for a basic salary plus commission. Mr M didn't realise at the time that this offer of work wasn't legitimate and had been sent by a scammer.*

*Mr M asked for more details about the opportunity. He was instructed to create a cryptocurrency trading account which he then needed to fund himself. He was instructed to send money to individuals who would then credit his cryptocurrency account. Mr M then moved the cryptocurrency on at the scammer's instruction. There was no contract signed and no employment terms were set out for Mr M.*

*Mr M was added to a WhatsApp group with around 30 other people. Other members of the group shared positive experiences of the work, which reassured Mr M.*

*Between 7 and 15 February 2023 Mr M made payments totalling £18,896.87 from his Monzo account. Many of these were faster payments (bank transfers) to individuals whose account details were provided by the scammers. A portion were card payments made direct to cryptocurrency platforms.*

*Mr M also sent money from an account he holds with a different bank, which I'll refer to as H. H is not a party to this complaint, and no findings will be made against it in this decision. But it's important to include what happened with Mr M's account held with H as part of the wider circumstances.*

*Mr M took out loans to finance the payments he was making.*

*Monzo gave Mr M some warnings about scams when he was setting up each new payee. H also gave Mr M warnings and, on several occasions, intervened to question the payments he was making. There were calls between Mr M and H on 6 and 9 February 2023 where the purpose of the payments was discussed as H suspected Mr M might be at risk of financial harm through fraud. No payments were processed following these calls, with the one on 9 February 2022 seemingly abandoned by Mr M.*

*On 10 February 2022 Mr M sent funds totalling £12,000 from his account with H to a friend of his. His friend then paid this into his Monzo account. And from there Mr M sent the money on at the scammer's instruction.*

*H intervened and questioned Mr M again on 10 February 2023 as it remained concerned that Mr M was at risk of financial harm. This led to H invoking the Banking Protocol and Mr M was required to attend branch, where the circumstances behind the payments were discussed. H highlighted its concerns to Mr M and told him he was caught up in a scam. The meeting in branch took place on 12 February 2023. Mr M's representatives told us in its submissions to this service that H involved the police, who also spoke to Mr M.*

*Mr M contacted Monzo to report he'd fallen victim to a scam on the same day, although he continued to make payments at the scammer's instructions for the next few days. Monzo asked Mr M some questions about the scam but received no response. Mr M contacted Monzo again on 24 February 202, once more saying he'd been the victim of a scam. Again, it asked Mr M some questions but Mr M didn't respond.*

*Mr M then raised a complaint about the scam through his representatives and requested a refund of his losses. Monzo considered the complaint but said it wouldn't refund Mr M. It said, in summary:*

- *it had given Mr M warnings about scams when he was making the payments;*

- *Mr M didn't act reasonably in pursuing the supposed job opportunity, having not carried out any checks into the companies involved or questioning the circumstances of what was on offer;*
- *no refund was due under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code; and*
- *a chargeback couldn't be raised for the card payments.*

*The complaint was referred to our service as Mr M didn't agree with Monzo's findings.*

### **What I've provisionally 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'll consider any further submissions that are received by 30 May 2024. But in the absence of any substantial new evidence or arguments my findings will be along the following lines.*

*I'm sorry to disappoint Mr M but I'm not upholding his complaint. I've no doubt he has been the innocent victim of a cruel scam here. And I don't underestimate the significant impact this loss has had on him not only financially but in terms of his mental and emotional wellbeing too. But I'm not persuaded Monzo should bear responsibility for his loss. I'll explain why.*

*The starting point at law is that Mr M is responsible for any payments made from his account which are properly authorised. This is set out in the Payment Service Regulations (2017) and is confirmed in Mr M's account terms and conditions. There's no dispute that Mr M authorised the payments out of his account, albeit he was deceived into doing so.*

*Monzo has agreed to abide by the principles of the voluntary CRM Code, though it isn't a signatory to it. The Code is in place to see the victims of scams reimbursed in most circumstances. But it doesn't apply to all payments made by a customer. And I'm satisfied the payments made by Mr M aren't covered by the Code.*

*That's because the payments made were executed as expected. Mr M paid individuals and received cryptocurrency into his online wallet. The purpose of his payments was fulfilled, and so they don't meet the definition of scam payments. Mr M's loss occurred when he sent the cryptocurrency on from his cryptocurrency wallet.*

*Card payments aren't covered by the Code; only bank transfers are.*

*However, I'm satisfied there was sufficient other relevant regulatory requirement and industry best practice in place at the time Mr M made his payments that meant Monzo ought to have been monitoring his account with a view to protecting him from financial harm through fraud. This means Monzo ought fairly and reasonably to have been on the lookout for payments that looked unusual or suspicious. Where such payments are identified it would be fair and reasonable for Monzo to intervene with scam warnings and potentially to pause, suspend, or block them until the payment purpose could be discussed. This is reflected by H's actions, where it stopped Mr M's payments to question them and, ultimately, invoked the Banking Protocol.*

*I'm satisfied that Monzo ought to have intervened when Mr M was making payments toward the scam. I've considered his account history, the value of the payments he was making (individually and cumulatively), the number of new payees that were being created, and the destination the money was being sent to.*

*I'm persuaded that the combination of circumstances tied to the payments ought to have given Monzo significant cause for concern. It ought to have stopped them so it could discuss the purpose with Mr M and assess the risk of him suffering financial harm through fraud.*

*However, I'm not persuaded intervention from Monzo would have made a material difference here, which is why I'm not telling it to refund Mr M. There is little evidence from Monzo that*

would support this outcome. It only gave some basic and generic warnings about scams that I don't think went far enough. But it wouldn't be fair and reasonable to ignore what happened with Mr M's account with H.

There, it intervened several times. Payments were blocked and discussed on the phone, with the bank clearly becoming concerned. This ultimately led to Mr M attending branch following the Banking Protocol being invoked. Mr M's representatives have explained that the police were also involved, and the scam was laid bare. Mr M went on to report the scam to Monzo on the same day.

But, after this significant intervention, Mr M still went on to send money to the scammers. That's despite being fully aware of the scam by this point. This very strongly suggests that an earlier, similar intervention would have yielded the same results. And so, I can't say any warning from Monzo would have avoided the scam.

Mr M has said that the later payments were made as a result of a second scam. There have been very few details provided about the nature of that scam. Though it's been said to have been very similar to the first. That being the case, though it might have emerged later, I don't believe this suggests that the first scam could have been avoided with earlier and more appropriate intervention from Monzo. Not given Mr M continued to make payments in very similar circumstances following H's interventions.

In making that finding I've also noted that Mr M took steps to avoid H asking him about the payments he was making and – it would appear – to avoid its fraud detection and prevention measures. He sent £12,000 across three payments to a friend of his, who was an already established and trusted payee on his account with H. Mr M's friend then sent that money on to Mr M's Monzo account, from which it was then lost. This presents as clear evidence that Mr M was determined to proceed with the payments connected to the scam, despite the interventions and involvement of H up to that point.

I'm also of the view that Mr M didn't act reasonably in proceeding with the job opportunity without considering what was being offered. There appear to have been little to no checks carried out on the people or companies involved. There was no contract or terms of employment. And the nature of the proposed work does not stand up to fair and reasonable scrutiny. It's unclear why a cryptocurrency wallet would have to be funded with a customer's own money so that they could earn an income, and I can't see that any of these details were really questioned by Mr M.

There is an additional consideration for the card payments made by Mr M. In some circumstances it might be possible for a firm to raise a chargeback, which could result in a payment being reversed. But I'm satisfied here a chargeback would stand no reasonable prospect of success. That's because any payments successfully made by card would have been completed as expected. The money credited Mr M's cryptocurrency wallet and was then moved on. So the expected service – in respect of the merchant paid – was provided.

Having considered all the available facts and evidence I can't say that it would be fair and reasonable to hold Monzo responsible for Mr M's loss.

### **My provisional decision**

*I don't intend to uphold Mr M's complaint against Monzo Bank Ltd.*

Ben Murray  
**Ombudsman**