

The complaint

Miss T complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost when she fell victim to a scam.

What happened

Miss T was approached via a messaging app by someone who offered her a job opportunity with a company I'll call H in this decision. The role involved boosting reviews to increase sales. Miss T was provided with sets of tasks to complete and was told she would earn a basic salary and commission. There were certain task packages that attracted significantly higher commission.

Miss T was told that payment was in USDT, so she was required to open a cryptocurrency account and to register on H's platform. Her cryptocurrency account was with a company I'll call A.

After completing some tasks, Miss T had a negative balance on her account with H which she was told she would need to clear to get commission. The amount she paid would later be refunded. To clear the negative balance, Miss T was required to buy cryptocurrency and send it to the platform.

I have set out below the payments Miss T made (all by card). B is an electronic money institution. Miss T had an account with B which was in her own name.

Transaction	Date	Recipient	Amount
1	03/10/23	A	£61.13
2	04/10/23	A	£148.89
3	04/10/23	A	£413.63
4	04/10/23	B	£1,446.05
Total			£2,069.70

Miss T was asked to pay further funds which she said she didn't have. She realised she was the victim of a scam and notified Monzo of a claim on 1 November 2023.

Monzo didn't agree to reimburse Miss T's loss. It said the payments from Miss T's Monzo account weren't the scam payments as she sent funds to her own cryptocurrency wallet. Monzo went on to say that its service fell short and offered Miss T £100 compensation.

Miss T was unhappy with Monzo's response and brought a complaint to this service. She said Monzo should have protected her when she made large payments to a new payee and that it failed to respond to her complaint or keep her updated.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that as the payments were relatively low in value, he wouldn't have expected Monzo to have had any concerns about them, or to have intervened when they were made. But the

investigator said that Monzo took too long to consider Miss T's claim and the service it provided to her was poor, so he recommended that Monzo pay an additional £100 compensation.

Monzo accepted the investigator's findings, but Miss T did not so her complaint has been passed to me to decide. She said she didn't expect Monzo to refund the payments she made; her complaint related to the way Monzo treated her when she complained and the lack of accountability in relation to picking up the unusual payments on her account. She felt that given the low activity on her account prior to the transactions being made they should have stood out, and that the compensation award was too low.

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 appreciate that Miss T says she hasn't asked Monzo to refund her. But the remedy if I reach the conclusion that Monzo should have intervened would be reimbursement or partial reimbursement.

I'm satisfied Miss T authorised the scam payments from her existing Monzo account. Although she didn't intend the money to go to the scammer, under the Payment Services Regulations and the terms and conditions of her account, Miss T is presumed to be liable for her loss in the first instance.

But that's not the end of the story. Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in October 2023 Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment – (as in practice Monzo sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common 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 allowing the payments to be made and will explain why.

I've thought about what Monzo knew about Miss T's usual account activity and the transactions she was making to decide if Monzo should have intervened when any of the transactions were made.

I have seen Miss T's statements from May 2023, which show relatively low value transactions including transfers. The payments to A were identifiably related to cryptocurrency, but the values were low. The first payment was very much in line with usual account history and transactions two and three were not at a level where I'd expect Monzo to intervene and ask questions about the payment reason. There's a balance to be struck; banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

The final transaction was of higher value, but still relatively low. It was also to a known merchant that wouldn't have concerned Monzo.

For completeness, the Lending Standards Board's Contingent Reimbursement Model Code doesn't apply to card payments, so isn't relevant here.

I'll go on to consider the service Miss T received when she raised her scam claim with Monzo.

Miss T reported the scam to Monzo on 1 November 2023 but wasn't given the outcome until 19 March. I agree that this timeframe is too long. In the interim, Miss T had to contact Monzo for updates and raised a complaint about the service she was provided with. A Monzo agent didn't listen to her when he repeatedly asked Miss T to send screenshots of her chat with the scammer. Miss T explained why this was difficult and asked for an email address. She received multiple messages which ignored her request and continued to ask for screenshots. Miss T also had to repeat some information, and updates provided weren't meaningful.

At an already difficult time for Miss T, Monzo caused additional unnecessary stress and inconvenience. It has already credited Miss T's account with £100 and agreed with the investigator's recommendation to pay an additional £100 to reflect the impact of its poor service. I'm satisfied that compensation of £200 is fair and reasonable in the circumstances of this complaint and am not awarding anything more.

Overall, whilst I'm sorry to hear about this cruel scam, I can't reasonably ask Monzo to do anything more than pay an additional £100 compensation to Miss T.

My final decision

For the reasons stated, I uphold this complaint in part and require Monzo Bank Ltd to pay Miss T an additional £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 10 December 2024.

Jay Hadfield
Ombudsman