

## The complaint

Mrs L is unhappy that Monzo Bank Ltd will not refund the money she lost as the result of an authorised push payment (APP) scam.

## What happened

Both parties are familiar with the details of the scam so I will provide only a summary here. It concerns the following faster payments. They were all either made directly to a digital wallet in Mrs L's name at a cryptocurrency platform or to an individual as a part of a peer-to-peer (P2P) crypto currency purchase.

payment	date	to	value, £
1	11/09/2023	P2P	2,430
2	11/09/2023	P2P	70
3	11/09/2023	ChaosOTC	3,200
4	11/09/2023	P2P	2,500
5	12/09/2023	P2P	2,500
6	12/09/2023	P2P (bounce back of 5)	-2,500
7	13/09/2023	ChaosOTC	2,500
8	13/09/2023	P2P	200
9	13/09/2023	P2P	750
10	13/09/2023	P2P	1,750
11	13/09/2023	P2P	200
12	18/09/2023	ChaosOTC	2,500
13	18/09/2023	ChaosOTC	2,500
14	19/09/2023	P2P	2,600
15	19/09/2023	ChaosOTC	2,600
16	19/09/2023	ChaosOTC	800
17	21/09/2023	ChaosOTC	2,595
18	22/09/2023	ChaosOTC	2,500
19	22/09/2023	ChaosOTC	2,500
20	22/09/2023	P2P	1,400
21	22/09/2023	ChaosOTC	3,000
22	23/09/2023	ChaosOTC	3,000
23	23/09/2023	ChaosOTC	2,299

Mrs L was contacted via WhatsApp with a job opportunity. It required her to deposit funds to access tasks that she had to complete to earn income. When she wanted to withdraw this money she was told she would have to first make a significant tax payment. At this stage she realised it was a scam and reported it to Monzo on 24 September 2023.

Mrs L says Monzo did not do enough to protect her money and at the time she was very vulnerable.

Monzo provided evidence that shows it first intervened at the time of payment 12 but Mrs L was not transparent about the circumstances of the payment. It made two further interventions but again Mrs L did not disclose the true reason for the payments. It did not agree to refund any of the losses.

Our investigator issued two views. I will summarise only the second as that is the current view of this service based on the available evidence. She found that Monzo need not refund the money Mrs L lost. She said Mrs L had not been honest when Monzo intervened which prevented it from properly assessing the risk and providing a warning relevant to this type of scam. And even if Monzo had intervened sooner it was most likely Mrs L would have gone ahead with the payments. As Monzo was not on notice of Mrs L's vulnerabilities she could not fairly expect it to have taken them into account. She also explained why the payments were not covered by the CRM code.

Mrs L disagreed and asked for an ombudsman's review. She said Monzo making a intervention earlier would have made a difference. Every transaction was out of character as she had never used a crypto account before. When Monzo spoke to her she believed she was about to complete the last task and so would have been exceedingly stressed. She believes with all Monzo's experience and training it should have thought what she was doing was highly suspicious. She does not think the questions were detailed enough as they did not outline the range of crypto scams. Monzo also should have sent something for her to read before releasing the funds. Something that she could have spent some time reading. Something in line with what was happening to her would have made a huge difference.

Even though Mrs L was struggling with the enormity of all the recent events in her life, she believes if she had been able to read and understand the type of scam that she had been duped by she would not have carried on. She was very vulnerable at the time but did not know she needed to make that obvious to Monzo. It should be looking out for any indications – such as any change in account activity, as there was here, or certain characteristics in the way Mrs L was interacting with it.

She is also now aware that scammers tend to create a sense of urgency. By the time Monzo intervened Mrs L was desperate to finish the tasks and so was panicked. She says had Monzo spotted the unusual activity earlier, she would not have been so panicked when it called due to not having spent so much money. So its intervention could have successfully prevented the fraud.

### **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 am not upholding Mrs L's complaint. I want to reassure Mrs L I have carefully considered all the points she has made in her submissions to this service, including the amends to her former representative's submission. I mean no discourtesy by this, but in keeping with our role as an informal dispute resolution service – and as our rules allow - I will focus here on the points I find to be material to the outcome of her complaint.

There's no dispute that Mrs L made and authorised the payments. Mrs L knew who she was paying, and the reason why. At the stage she was making these payments, she believed she was buying cryptocurrency to allow her to deposit funds that would give her access to

online tasks, and by completing these she would earn income. I don't dispute Mrs L was scammed and she wasn't making payments for the reason she thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that Monzo has an obligation to follow Mrs L's instructions. So in the first instance Mr P is presumed liable for her loss. But there are other factors that must be considered.

To reach my decision I have taken into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time. To note, as the payments were a mix of P2P crypto purchases and a deposits onto a digital wallet on a crypto platform the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

This means I think that Monzo should have:

- been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

In the circumstances of this case I do not find I can fairly hold Monzo liable for Mrs L's losses. I'll explain why.

Monzo intervened on 18, 19 and 22 September 2023. When it spoke to and conducted an in-app chat with Mrs L it asked a series of questions to establish the basic context of the payments. Based on Mrs L's responses it unfroze her account each time. Before doing so it sent her a written warning about cryptocurrency investments and the prevalence of scams in this area, as well as four links to articles that gave more detailed information.

I think these interventions were proportionate in nature, though I think Monzo ought to have acted sooner. I don't agree with Mrs L that it should have been at payment 1. I accept this was high-value for her account but a one-off high value payment is not that uncommon. Nor was it identifiably a crypto payment. Instead I think at the time of payment 3 Monzo ought to have provided a tailored written warning as the money was identifiably going to a cryptocurrency provider. It should have asked a series of questions to try to narrow the type of scam and thereby give a relevant and specific scam warning, for job/task scams in this case. And it then ought to have made a direct intervention at the time of payment & as a pattern of unusual activity had been established by this stage.

However, I don't think doing this would most likely have broken the spell of the scam. I say this as when Monzo did contact Mrs L she did not disclose the real purpose of the payments, instead saying she was starting to investing cryptocurrency, something her partner was guiding her through as he had experience of it. Monzo, therefore, did not have the opportunity to warn Mrs L about job/task scams. And I am not persuaded there would have been a different outcome had it intervened – either in writing or by phone/in-app chat – at an earlier stage.

Mrs L argues it would have been different as she would not have been so desperate for the funds to be released. I cannot know for certain how she would have responded but based on the available evidence, which is from the time, I am not persuaded she wouldn't have replied in the same way. As I cannot know with certainty I have reached this finding based on the balance of probabilities – that is, based on what I find to be most likely given the available evidence and the wider circumstances.

Mrs L says she was panicked and desperate at the time of the later interventions and this impacted how she responded. But I note on 19 September 2023 when the discussion was in-app she asked for time to read the additional information Monzo sent, and left around a 20-minute pause before replying. I have listened to the two calls carefully to see if there were any indicators Monzo missed as Mrs L says she would have been extremely stress on those calls. But I don't think this came across. She seemed articulate, concise, credible and friendly. Arguably, she did not seem knowledgeable about the mechanics of the investment, but she was very certain her partner was and could answer any questions if he was there. And I have to take into account that it was not the bank's duty to give investment advice.

So, in the round, I don't think the fact the real nature of the scam didn't come to light was due to a failing on Monzo's part. I find it was Mrs L's disclosure of inaccurate information that meant it was unable to provide the right warning about job scams.

Mrs L has raised that she was very vulnerable at the time – and I am truly sorry to read about the circumstances of her mother's death and how this understandably impacted her, as well as her own health challenges. But Monzo was not aware of these circumstances. And, accepting that a bank needs to look out for any indicators of vulnerability, I do not find there were signs on the calls that Monzo missed. I have already responded above to Mrs L's point about the account activity being unusual.

I have then thought about whether Monzo did what we would expect to try to recover Mrs L's money after she reported the fraud. It contacted all the recipient firms the day Mrs L reported the scam and as she will be aware had some success recovering a small proportion of her losses. So I cannot find it was at fault in that regard.

This means, in conclusion, I am not instructing Monzo to refund any money to Mrs L.

This is a difficult decision to make, I'm sorry Mrs L lost a considerable amount of money which was very distressing for her. I can understand why she would like to be compensated for her losses. And I do accept Mrs L has fallen victim to a sophisticated scam. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Monzo can be held liable in the circumstances of this case.

### **My final decision**

I am not upholding Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 10 February 2025.

Rebecca Connelley  
**Ombudsman**