

The complaint

Ms C complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost when she fell victim to an impersonation scam.

What happened

Ms C says that she sought to sell a book on a second hand marketplace she hadn't used before. I'll refer to the marketplace as V in my decision. She received a message that she thought had come from V saying that the item had been sold. The message was sent by a scammer and included a link which took Ms C to a fake support channel. Ms C received a message saying that she would be sent a push notification for €490. The message went on to say, *"Please note that this is not a payment, but a 3 second wait for security reasons"* and to ask Ms C to confirm when she had responded – which she did. Ms C then got a further message to say she would receive a second notification as a security measure.

Although Ms C was told that the funds for the sale of her book would be transferred to her card, this didn't happen, and she was asked for further funds. Ms C recognised that she was the victim of a scam and contacted Monzo to report what had happened. Two transactions of £380.11 and £419.49 had left Ms C's Monzo account on 20 February 2024. Both payments were to a legitimate money transfer service.

Monzo didn't refund the money Ms C lost. It said Ms C hadn't taken enough steps to check who she was paying and what for. But Monzo said it took too long to reach a decision about her claim and credited Ms C's account with £100.

Ms C was unhappy with Monzo's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that Monzo hadn't done anything wrong in processing the transactions and that the amount paid by Monzo to reflect the service it provided was fair.

Ms C was unhappy with the investigator's findings and asked for a final decision, so her complaint has been passed to me to review. In summary, she said:

- The transactions weren't card payments.
- Monzo has never spoken to the money transfer service her funds were sent to.
- She is classed as vulnerable.
- The scammers told her that money wasn't being taken from her account.
- The scam has caused her a significant amount of stress and upset, and she is in debt.

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, 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 have been good industry practice at the time.

I appreciate that Ms C has lost money because she has fallen victim to a cruel scam, but this in itself doesn't mean that Monzo is responsible for her loss.

In broad terms, the starting position in law is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

Ms C has said the scam transactions weren't card payments. I have looked at Monzo's records and am satisfied that both transactions were Mastercard payments.

I'm satisfied that although Ms C did so as part of a scam, she authorised the transactions she is disputing. Ms C said in the Monzo chat that she, "*approved these transactions as a victim of [a] scam*". I can also see from Monzo's records that 3DS verification was used when each transaction was made, and the payments were authorised in the app using biometrics. So I'm satisfied both transactions were authorised.

As Ms C made the payments via a card the Lending Standards Board's Contingent Reimbursement Model Code doesn't apply to them. There is some protection for card payments via the chargeback scheme.

Chargeback is a process that allows debit and credit card holders to reverse a transaction when there's a problem with the goods or services they have purchased. It is organised and run through the overarching card scheme but customers wishing to use the service must go through their card issuer (Monzo in this case). The chargeback scheme is voluntary, and banks are not under any formal obligation to submit a chargeback claim. But this service's view is that it is good practice for a bank like Monzo to make a chargeback claim where the right exists, timescales are met and there is a reasonable prospect of success.

In this case though, I consider that Monzo acted reasonably in not raising a chargeback as there was no applicable chargeback reason so no prospect of success. Ms C made a payment via a money transfer service and chargeback doesn't apply to such payments. This is because the service was provided – the money was transferred to the intended recipient. It wasn't the money transfer service who 'scammed' Ms C out of the funds, but any chargeback would need to be raised against it. And because the scam transactions were made using card details, there was nothing Monzo could have done to recover them.

Banks should also be on the lookout for unusual and out of character transactions that could indicate that a customer is at risk of financial harm. In this case I'm satisfied that Monzo acted reasonably in processing the transactions as they weren't so unusual and out of character that Monzo ought reasonably to have been concerned or taken any additional steps. Although I appreciate the loss is significant to Ms C, the value of each transaction was relatively low and was in line with the usual operation of the account. Ms C had made similar value payments in the months before the scam transactions (including a £679 payment earlier in the same month as the scam transactions and a £613.10 payment the month before).

Monzo has credited Ms C's account with £100 to compensate her for the distress and inconvenience it caused by taking too long to resolve her dispute. I agree that Monzo could have dealt with Ms C's claim more quickly but think the amount already awarded is fair.

Overall, whilst I'm sorry to hear about Ms C's loss, I can't reasonably ask Monzo to reimburse her.

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 Ms C to accept or reject my decision before 18 July 2024.

Jay Hadfield
Ombudsman