

The complaint

Miss B complains that Monzo Bank Ltd did not refund a series of payments she lost as part of a scam.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them again in detail here. In summary, Miss B was the victim of an investment scam and made the following transactions from her Monzo account:

Date	Payment #	Amount	Notes
9 January 2021	1	603.19	Debit card payment
11 January 2021	2	303.99	Debit card payment
12 January 2021	3	503.99	Debit card payment
13 January 2021	4	1,003.99	£1,000 returned
13 January 2021	5	502.39	£500 returned
14 January 2021	6	1,000	Faster payment
14 January 2021	7	800	Faster payment
29 January 2021	8	750	Faster payment
29 January 2021	9	550	Faster payment
29 January 2021	10	200	Faster payment
30 January 2021	11	400	Faster payment
3 February 2021	12	500	Faster payment
5 February 2021	13	500	Faster payment
5 February 2021	14	500	Faster payment
6 February 2021	15	1,000	Faster payment
11 February 2021	16	1,800	Faster payment
11 February 2021	17	£215.66	£215.66 returned
11 February 2021	18	200	Faster payment
25 February 2021	19	800	Faster payment
27 February 2021	20	1,000	Faster payment
27 February 2021	21	200	Faster payment
8 March 2021	22	654	Faster payment

Monzo did not agree to refund Miss B as they didn't think she had done enough to check who she was paying and what for. Our Investigator looked into the complaint and thought Monzo should have manually intervened on payment 5.

They also reviewed the faster payments under the Contingent Reimbursement Model ("CRM") code and having done so, they felt both Monzo and Miss B had not met their obligations under the code. This is because they felt Monzo should have given an effective warning on payment 6, and Miss B did not have a reasonable basis to believe the investment was legitimate. So, they recommended a refund of 50% from payment 5 onwards.

Miss B's representative accepting the findings but Monzo did not agree. The complaint was referred to me and I issued a provisional decision in which I did not agree a refund was due. My provisional decision read as follows:

Having reviewed the evidence provided, I'm satisfied Miss B has been the victim of an investment scam and I'm sorry she's had to go through this experience. I've had to decide whether Monzo should reasonably have done more in the circumstances to protect her account from financial harm.

The first five payments were made by debit card, meaning they are not covered by the CRM Code which gives additional protection to victims of authorised push payment ("APP") fraud. But Monzo still had to be on the lookout for activity that might suggest a customer was at risk of financial harm, intervene in unusual or out of character transactions and try to prevent customers falling victims to scams.

Having reviewed the initial five transactions, I just don't think they were unusual enough to have warranted staff intervention from Monzo. The values were not significant, even considering that Miss B generally didn't carry out high value transactions on her account. They were spread out over five days, so they weren't in quick succession. While the payee is normally used to send funds abroad, these appeared to Monzo as payments direct to the money remittance company and not specifically as international payments. Considering all of this, I don't think the risk level of the payments was significant enough to warrant intervention from Monzo prior to them processing the payments.

The later payments were covered by the CRM, which requires a firm to reimburse victims of APP scams that fall under its provisions, unless they can demonstrate that one of the exceptions to reimbursement apply. In this case, Monzo and our service have said Miss B did not have a reasonable basis to believe the investment was legitimate, so she did not meet her obligations under the code. Having reviewed everything available to me, I currently agree with this.

Miss B was promised significant returns within an extremely short period of time, which I think she could have seen as 'too good to be true'. And I can see when she made the payments through a money remittance service, she was told by the scammer to put the payment purpose as 'friends' which was not the correct payment purpose. So, I think she could have seen that something was not right when she was advised by the scammer to deceive the service provider. In addition, the scammer contacted her online out of the blue, with promised returns that were significant, so I think this should have been a warning to her this was not a legitimate investment.

I appreciate Miss B saw some positive reviews online, but on balance I think there were enough warning signs that something was not right. I can also see in the correspondence between Miss B and the scammer that she was hesitant at times to continue with payments, so I think she was at least aware of some of these signs. From what I have seen so far, I don't think Miss B had a reasonable basis to believe the investment was legitimate, so I don't think she should receive full reimbursement in the circumstances.

What left to decide is if Monzo met their obligations under the code, namely whether they were required to provide a warning for the payments and if so, whether the warning provided was effective as set out by the code. A warning should be provided if an APP scam risk should have been identified in the circumstances.

I've reviewed the payments covered under the CRM code. I can see these were sporadic over the course of two months, sometimes with more than one payment on a day with gaps between payments spanning days and sometimes weeks. On the whole, I don't think they

were made in quick succession so I don't think the sequence of payments should have been concerning to Monzo.

The payments were also to various individuals making a total of five different payees. Monzo was able to confirm that all the payee names provided by Miss B matched the names on the accounts, so there was no concern of a payee mis-match. On balance, I don't think there is a strong pattern of fraud here, as there isn't enough to reasonably show the payments were linked together and therefore part of a wider scam due the number of different payees.

While there is some increased activity compared to previous months, I don't agree it is so significant or that any individual or grouping of payments were suspicious enough that Monzo should have provided an effective warning in the circumstances. These were also not high value payments, with the highest at £1,800 so the value of them would not have appeared concerning to Monzo

So based on what I've seen so far, I currently think Monzo met their obligations under the code as they were not required to provide an effective warning. Because of this, it follows that an exception to reimbursement applies when Miss B did not meet her obligations under the code, and no refund is due in the circumstances.

Monzo responded and accepted my provisional findings.

Miss B's representative responded and said the following:

- Miss B was vulnerable at the time due to being an isolated during COVID-19.
- Monzo should have been aware that victims are told to lie to banks by scammers.
- They feel Monzo should have asked more probing questions as the confirmation of payee warning was an indication of 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.

I have considered the comments made by Miss B's representative and having done so, they have not changed the findings set out on in my provisional decision. I'll explained why.

Miss B's representative has said she was isolated during COVID-19 when the payments occurred, and she was more susceptible to the scam because she could not confirm the scam with anyone else. However, I note in their original complaint letter to Monzo, Miss B's representative stated Miss B was actively working in healthcare during the COVID-19 pandemic and did not mention being isolated, so it is difficult for me to rely on their testimony.

It is therefore unclear if Miss B was isolated or not at the time of the scam. I note the scam did take place over the course of two months, so it wasn't a high pressure scam where she was persuaded to part with all of her funds on one day. With this in mind, I don't think possibly being isolated would have made Miss B more susceptible to this specific type of scam. She had time to raise this with other individuals over phone, text message, social media, or video call if she had concerns about the scam and wanted a second opinion.

Miss B's representative has also said that Monzo should have been alert to the fact scammers can coach individuals to be dishonest to their banks. However, I don't think Monzo needed to intervene in the payments prior to them being processed, and I can't see

that Miss B was coached to be dishonest to her bank.

Finally, Miss B's representative said that as Monzo exercised the confirmation of payee warning, they had reasonable notice of the fraud. However, in my decision I said Monzo confirmed the name Miss B input on the payment matched the actual name on the accounts, so there was no confirmation of payee warning. So, I did not agree there was a strong pattern of fraud for Monzo to pick up on.

Having carefully reviewed the evidence available to me, I do not think Monzo has made an error in the circumstances, and I don't direct them to take any further action to remedy this complaint.

My final decision

I do not uphold Miss B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 August 2024.

Rebecca Norris
Ombudsman