

## The complaint

Mrs B complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Mrs B is represented by a firm that I'll refer to as 'C'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

I sent my provisional decision on this complaint on 18 September 2024. I said:

*"In July 2023 Mrs B was the victim of a task-based job scam after being contacted on WhatsApp offering an opportunity to work for a firm I'll refer to as 'H'. Mrs B has explained the job entailed completing reviews on apps to make them appear more popular, thereby generating more downloads. And that she expected to receive a weekly wage of £800 for completing these tasks.*

*The scam required Mrs B to purchase and send crypto to the scam platform – which was used to generate the review tasks to complete. Mrs B says she realised she'd been scammed when her account balance fell in to a negative €29,000 balance and she was told she had to pay this to rectify her account – with the scammer pressuring her to make the payment and encouraging her to take out loans to do so.*

*Mrs B made the following transfers, to a number of different payees, to make peer-to-peer crypto purchases as part of the scam:*

Date	Transaction type	Amount
2 July 2023	Faster payment	£600
2 July 2023	Faster payment	£1,300
2 July 2023	Faster payment	£1,250
2 July 2023	Faster payment	£3,390
3 July 2023	Faster payment	£2,200
3 July 2023	Faster payment	£2,200
3 July 2023	Faster payment	£2,000
3 July 2023	Faster payment	£200
3 July 2023	Faster payment	£530
3 July 2023	Faster payment	£470
4 July 2023	Faster payment	£2,000
5 July 2023	Faster payment	£2,000
5 July 2023	Faster payment	£1,200
5 July 2023	Faster payment	£2,800

	<b>Total</b>	<b>£22,140</b>
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*Mrs B's statements show that there was another £2,200 payment - not listed above - processed on 3 July 2024 but it was returned the next day. Mrs B also received the following credits: £48.19 on 28 June 2023, £56.30 on 1 July 2023, £483 and £245 on 5 July 2023. This means Mrs B's total loss is £21,307.51.*

*C complained to Monzo, on behalf of Mrs B, on 14 September 2023 saying the payments were made as part of a scam. In short, they said:*

- *Mrs B researched H online and found that it was a genuine company. And she believed H had found her details through her LinkedIn profile, which was publicly viewable. This gave her confidence in the job opportunity.*
- *Mrs B was added to a group chat where there were about 40 others all conducting the same job, and who were advising how well their outcome was along with how impressed they were with the platform.*
- *Mrs B was required to provide her ID, contact information and proof of address as part of KYC checks – which reassured her she was in good hands.*
- *The scammer told Mrs B that any money invested, which was required to generate the tasks, would be returned plus her profits. Mrs B found the scammer to be genuine, helpful and provided with her with the confidence that the job was legitimate. And so, she thought she could trust the scammer.*
- *Mrs B made 15 payments to ten new payees for almost £25,000 over a three-day period. But Mrs B says she didn't receive any contact from Monzo in terms of blocks or questions about the payments, despite clear indications of fraud on her account.*
- *Monzo failed to recognise a sudden change in Mrs B's spending habits and allowed the payments to be processed without any fraud prevention measures. Monzo ought to have questioned Mrs B about the payments due to their high value and them being made to new payees. Had this happened, and as Mrs B wasn't told to lie to Monzo, she would've been open and honest about the purpose of the payments and the scam would've been prevented.*
- *Mrs B suffers from a bipolar disorder, having been diagnosed and hospitalised in 2022. She takes a lot of medication for this condition and has been in a state of mania, which she was under at the time of the scam and remains under, which made her trust the scammer – as she was not in full control of her mind.*
- *To settle this complaint, Mrs B would accept a full reimbursement of her losses, 8% interest and £300 compensation.*

*Monzo wrote to Mrs B on 1 February 2024, via their in-app chat function, to inform her they wouldn't be refunding the money she'd lost. They said this was because the payments Mrs B made from her Monzo account weren't the scam payments. Instead, the scam payments were made from the crypto exchange and, as such, they would expect the crypto exchange to investigate and refund where appropriate.*

*The complaint was considered by one of our Investigators who thought it should be partly upheld. She said Monzo ought to have been concerned that Mrs B was at risk of financial harm from fraud by the point of the fourth payment (£3,390). And that, had Monzo carried out additional checks, they would've become aware Mrs B was being scammed and advised her against making further payments. Our Investigator thought Mrs B would've been receptive to such advice and so, her loss would've*

been prevented from that point onwards. So, she recommended Monzo refund Mrs B these losses – which she calculated as £21,190, factoring in the £2,200 returned payment.

Our Investigator didn't think Mrs B had contributed to her losses, thereby warranting a reduction in the award. But she said Monzo should also pay 8% interest to recognise Mrs B's loss of use of money, and £150 compensation for the distress she suffered because of not being protected against the fraud and the time it took Monzo to investigate her fraud claim/complaint.

Monzo disagreed and so the matter has been passed to me to decide.

### **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.*

*My first consideration is in relation to the CRM code. While Monzo hasn't signed up to the CRM code, it's committed to applying the principles of the code to payments made since it came into effect. Mrs B however purchased crypto from third parties on a crypto exchange. So faster payments were made to those third parties in exchange for cryptocurrency which was then later sent on to the scammer. The purchases of crypto were legitimate – and the CRM code doesn't cover situations where the payments has been sent to a legitimate party.*

*I've therefore considered whether Monzo should reimburse Mrs B under any of their other obligations. In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs B authorised the payments from her Monzo account. Therefore, under the Payment Services Regulations and the terms of her account, Monzo are expected to process Mrs B's payments and she is presumed liable for the loss in the first instance.*

*But, 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 July 2024 that 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;*
- *have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;*
- *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);*
- *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, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

*So, the starting point here is whether the instructions given by Mrs B to Monzo (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed. When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.*

*Here, there wasn't a significant amount of activity on Mrs B's account in the months prior to the scam – with the payments generally of a low value but with occasional transactions around £2,000. Considering this, I don't think the first three payments were unusual enough whereby I would've expected Monzo to have sufficient reason to suspect Mrs B was at risk of financial harm from fraud. But I think this changed by the fourth payment. This is because, by this point, Mrs B had transferred over £6,500 to two new payees in less than two hours – with the payments broadly increasing in value. The collective value of these payments to new payees, made in quick succession which can be a common feature of scams, was out of character for Mrs B compared to her typical account usage. I therefore consider Monzo should've had sufficient reason to suspect Mrs B could be at risk of financial harm at this point. And I don't think the confirmation of payee warnings Monzo provided for these online payments was proportionate to the identifiable risk. Instead, I think a proportionate action would've been for Monzo to have contacted Mrs B to carry out additional checks before processing this payment – thereby giving them the opportunity to establish if the payments were being made for legitimate reasons or not.*

*I've thought about what would've most likely happened had Monzo done this. I haven't seen anything to suggest that Mrs B wouldn't have been open and honest with Monzo about the purpose of the payments had she been questioned. So, I think Mrs B would've likely explained that she was making the payments for her job – that she had started after being contacted on WhatsApp and which required her to purchase crypto to acquire review tasks to complete. Given Monzo's familiarity with scams involving crypto that had become increasingly prevalent by this point, as well as general scam trends that include consumers being encouraged to send money on the promise of something that sounds too good to be true, Monzo ought reasonably to have identified Mrs B was being scammed considering these 'red flags'.*

*It follows that I would've expected Monzo, as a financial expert and Mrs B's trusted bank, to have warned Mrs B that it was likely she was being scammed. And advised her not to proceed with making any further payments or, at the very least, recommended that she carry out further checks on the legitimacy of the job opportunity before doing so. I've no reason to think Mrs B wouldn't have heeded the advice of Monzo. So, I think Mrs B would've likely sought the guidance of friends/family or a mental health support team - that were available to her due to her bipolar disorder – which, in turn, I consider would've uncovered the scam and prevented further payments being made. It follows that I think Monzo failed to protect Mrs B from the loss she suffered from the point of the £3,390 payment. As Mrs B received credits of £728 after this, the total loss Monzo could've prevented is £18,262.*

*I've given thought to whether Mrs B should bear some responsibility by way of contributory negligence. Having done so, I don't think that would be fair here. This is because Mrs B believed her details had been found by a genuine firm through her LinkedIn profile, which was publicly available, and she also hadn't found anything online that indicated H wasn't legitimate. I've also taken Mrs B's bipolar disorder and the impact this had on her decision making into consideration - with a September 2022 letter from her doctor saying:*

*“She is potentially at risk of making rash decisions such as financial profligacy that could adversely affect her finances in the long term”.*

*Because of this, I think Mrs B was more susceptible to this type of scam and wouldn't necessarily have identified the risks or 'red flags' here – including the crypto related risks and the unusualness of having to make payments to earn money. And so, while there may have been some misguided trust given to the scammer, I don't think Mrs B's actions were negligent to the point whereby it would be fair to reduce the award in these specific circumstances. But instead, I think Monzo's failure to undertake an appropriate intervention with the £3,390 payment caused Mrs B's losses from this point onwards. So, I think Monzo should refund £18,262 to Mrs B and pay 8% simple interest to recognise the loss of use of money she suffered during this time – calculated from the date of each payment to the date of settlement.*

*On a final note, I've also considered the service Monzo provided Mrs B. And whilst the scammer is responsible for most of the upset caused, I think Monzo could've prevented the loss at the point of the £3,390 payment as well alleviated the distress caused by this loss upon being informed of the scam – as it took over four months to provide a decision on the fraud claim. To recognise this, I think an additional £150 compensation should be paid to Mrs B.*

### **My provisional decision**

*My provisional decision is that I uphold this complaint in part. I intend to direct Monzo Bank Ltd to:*

- *Refund £18,262.*
- *Pay 8% simple interest calculated from the date of each payment to the date of settlement - less any tax lawfully deductible.*
- *Pay £150 compensation.”*

Monzo accepted my provisional decision. And C confirmed Mrs B accepted it too.

### **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.

Given both parties accept my provisional decision, I see no reason to depart from the above. I therefore remain of the view that Monzo is responsible for the loss Mrs B suffered from the £3,390 payment onwards. And that it wouldn't be reasonable to reduce the award due to contributory negligence on Mrs B's part in these circumstances. It follows that I think Monzo should refund £18,262 to Mrs B, pay 8% simple interest to recognise the loss of use of money she suffered, and pay £150 compensation for the trouble and upset she experienced.

### **My final decision**

My final decision is that I uphold this complaint in part. I direct Monzo Bank Ltd to:

- Refund £18,262.
- Pay 8% simple interest calculated from the date of each payment to the date of settlement - less any tax lawfully deductible.
- Pay £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 October 2024.

Daniel O'Dell  
**Ombudsman**