

The complaint

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

What happened

Mrs K is represented in this case but for ease I'll refer to Mrs K throughout my decision.

Mrs K says that she was contacted out of the blue about a job opportunity that involved completing tasks to boost ratings. Payment was in USDT, and Mrs K was given details of a platform where she could track her earnings. Mrs K was told she needed to make certain payments to buy cryptocurrency from individuals through the peer to peer process to receive her salary. She was later told her account had a negative balance and she had to rectify this.

Mrs K made the following payments as instructed by the scammer:

Transaction	Date	Recipient	Amount
1	09/12/22	Individual 1	£100
2	09/12/22	Individual 2 - international	£22
3	13/12/22	Individual 3	£880
4	13/12/22	Individual 4	£90
5	13/12/22	Individual 5	£1,638
6	13/12/22	Individual 6	£540
7	14/12/22	Cryptocurrency exchange	£4,300
Total			£7,570

Mrs K didn't receive her salary and was asked to make further payments. She realised she was the victim of a scam and contacted Monzo to report what had happened on 23 December 2022.

Monzo didn't agree to reimburse Mrs K. It considered Mrs K's complaint under the Lending Standards Board's Contingent Reimbursement Model Code which it hasn't signed up to but has agreed to follow. Payments two and seven aren't covered by the code, which doesn't cover international payments and payments to an account in a customer's own name. In respect of the remaining payments, Monzo said that Mrs K did not take enough steps to check who she was paying and what for.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said the transactions made by Mrs K weren't unusual or suspicious considering the account was newly opened, and there was nothing Monzo could have done to recover Mrs K's lost funds.

Mrs K didn't agree with the investigator's findings, so the complaint has been passed to me to decide. She said that Monzo should have been concerned about the payment on 14 December 2022 given the payee and its value.

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'm sorry to hear Mrs K was the victim of a scam. I can understand why she wants to do all she can to recover the money she lost. But I can only direct Monzo to refund Mrs K's loss if it can fairly and reasonably be held responsible.

I'm satisfied Mrs K authorised the scam payments from her 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, Mrs K is presumed to be liable for her loss in the first instance.

The CRM Code doesn't apply to any of the transactions made by Mrs K. Monzo is correct that it doesn't apply to international payments or to payments to an account in a customer's own name, such as a cryptocurrency exchange, (as the payment needs to be to another person). The remaining transfers were to individuals to buy cryptocurrency and are also not covered by the CRM Code because they are not faster payments between GBP denominated accounts as required by the code.

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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 all banks do.

In this case, I don't consider Monzo acted unfairly or unreasonably in allowing the payments to be made and will explain why.

Mrs K opened her account with Monzo in October 2022 with a £5 referral bonus. There were no transactions on the account until two small credits immediately before the scam payments started. This means that Monzo didn't have an understanding of Mrs K's normal spending patterns to compare the transactions with.

When the scam first started Mrs K made some very low value payments to individuals. Whilst we know that Mrs K made these payments to buy cryptocurrency using a peer to peer platform (which allows traders to buy and sell cryptocurrencies directly with other individuals), there was nothing to indicate to Monzo that this was why Mrs K was making the transfers.

The transfers to individuals ranged from £22 to £1,638, took place over a five day period and didn't follow a pattern that Monzo ought reasonably to have been concerned about. So I don't consider Monzo ought to have done anything more before processing them.

Payment seven in the table above was different in that it was to a cryptocurrency exchange. But the value was still relatively low and not at a level where I would expect Monzo to intervene and ask questions about it. Monzo allows customers to make some cryptocurrency payments and many of them are legitimate.

Monzo provided a generalised scam warning when this transaction was made, and I'm satisfied this went far enough. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

Overall, whilst I'm sorry Mrs K has been duped into transferring funds to cruel scammers, I can't reasonably hold Monzo responsible.

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 Mrs K to accept or reject my decision before 16 July 2024.

Jay Hadfield
Ombudsman