

## The complaint

Mr O complains that Monzo Bank Ltd won't reimburse him after he fell victim to a scam.

Mr O is professionally represented in bringing his complaint to our service, but for ease of reference I'll refer to all submissions as being made by Mr O directly.

## What happened

Mr O has explained that in around November 2023, he received contact on an instant messaging application from an individual purporting to work for a recruitment firm, asking whether he was interested in working online for a well-known company within product promotion and maintenance. When Mr O confirmed his interest, a second individual purporting to work for the company contacted him to explain how the role worked. Unfortunately, unbeknownst to Mr O at the time, both individuals he'd been in contact with were in fact fraudsters working together for a scam.

Mr O was shown how to set up an account on a fraudulent platform. He was told he needed to positively rate 40 products in order to earn a daily wage. After initially using a 'practice' platform to learn the role, Mr O began using his own account and completing tasks. However, he began to encounter 'combination' tasks, which required him to add funds to his account via cryptocurrency in order to 'top up' his account. The fraudster told Mr O that once his daily tasks were completed, Mr O would receive this money back, as well as commission on top.

Mr O initially made these payments by card directly from his Monzo account to cryptocurrency sites, but then after the first two payments, on the fraudster's instruction, set up a separate money remittance account and also sent funds from his Monzo account to there, then onwards into cryptocurrency. However, Mr O continued to receive further combination tasks until he was having difficulty obtaining the funds to cover the payment requests.

Mr O eventually managed to complete his 40 tasks, but was told that his account had been upgraded and he now needed to complete a further five tasks. Once these were completed (which included further combination tasks and therefore further payments), he was told that as he didn't complete them on time, he had to pay an additional fee of £420.91. After paying this, Mr O was told he needed to pay a further £102 to cover a tax earning fee, which Mr O also sent over, believing this was the only way to release his funds. However, the fraudster then asked for further fees, at which point Mr O realised he'd fallen victim to a scam. In total, Mr O made the following payments towards the scam from his Monzo account:

Date	Payee	Value	Payment process
13/11/2023	1	47.97	Card payment
14/11/2023	1	£193.34	Card payment
14/11/2023	Own account	£20	Faster payment
14/11/2023	Own account	£530	Faster payment

14/11/2023	Own account	£1,550	Faster payment
16/11/2023	Own account	£800	Faster payment
20/11/2023	Own account	£2,000	Faster payment
21/11/2023	2	£400	Card payment
21/11/2023	2	£255.12	Card payment
21/11/2023	2	£165	Card payment
22/11/2023	2	£410	Card payment
25/11/2023	Own account	£10	Faster payment
25/11/2023	Own account	£5	Faster payment
25/11/2023	Own account	£6.26	Faster payment
26/11/2023	2	420.91	Card payment
30/11/2023	2	£102	Card payment

Once Mr O was aware he had fallen victim to a scam, he contacted Monzo to raise a claim. Monzo looked into Mr O's claim but didn't uphold it. Monzo said all payments from Mr O's Monzo account weren't the point of loss – as funds went either to another account controlled by Mr O, or to a cryptocurrency platform, before converted cryptocurrency was sent to the fraudster. Monzo therefore considered Mr O should contact his other account providers for reimbursement. Mr O disagreed with Monzo's response and referred the complaint to our service.

An investigator considered Mr O's complaint but didn't uphold it. He didn't consider that the payments were so out of character, in comparison to Mr O's typical account spending, that Monzo ought to have had concerns that Mr O was at risk of financial harm from fraud and intervened.

Mr O disagreed with the investigator's view. In summary, he said that making multiple cryptocurrency payments in quick succession ought to have been identified as a typical scam pattern. He also referenced the FCA's Consumer Duty, stating Monzo ought to have had warnings in place to better identify the specific risk present.

As Mr O disagreed with the investigator's view, the complaint has been referred to me for a final decision.

### **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.

There's no dispute that Mr O authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance. The Contingent Reimbursement Model (CRM) Code does provide further protection for *some* payment transfers that were made as the result of a fraudster. However, the CRM Code does not include card payments, or payment transfers to a customer's own account - as these were – and therefore I cannot apply the CRM Code to Mr O's complaint.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Monzo ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In addition, since 31 July 2023 when the Financial Conduct Authority's Consumer Duty came into force, there are additional obligations on firms to avoid foreseeable harm to customers. As a result, where it would be considered appropriate based on the risk level, we'd expect warnings provided by firms to be more 'dynamic', and cover the type of job scam Mr O fell victim to, considering its growing prevalence.

I've thought about whether Monzo acted reasonably by not intervening, either by providing dynamic warnings or by further human interaction, prior to processing these payments. Considering Mr O's card payments, the most Mr O paid in any one transaction was £420.91, and the highest amount in any one day was £820.12 across three transactions. Whilst I accept these payments were to cryptocurrency, which is known to carry a higher fraud risk, I have to also bear in mind that Monzo will process thousands of genuine cryptocurrency payments daily, the majority of which are legitimate. Monzo therefore has a difficult balancing act between protecting its customers from fraud, and not unduly inconveniencing customers making genuine payments. Based on the value and frequency of these payments in comparison to Mr O's usual account activity, I can't reasonably determine that Monzo ought to have identified that Mr O was at risk from fraud here, or that it should have intervened via online warnings or human interaction.

Similarly for transfers Mr O made to his money remittance account, Mr O was making payments to an account in his own name and the largest payment was for £2,000 (and the highest amount in one day was just over £2,000). I again don't think the values were so out of character, compared to genuine payments Mr O made in the past 12 months from his account, that Monzo was required to provide warnings or intervene, prior to processing them.

Overall, considering the scam payments as a whole, I simply can't conclude that they were so unusual, in comparison to typical account activity, that Monzo ought to have intervened or warned Mr O about them.

I've therefore gone on to consider whether Monzo did enough to protect Mr O, once it was made aware of the scam. Unfortunately, in all payments, the end destination of Mr O's funds was cryptocurrency, either by card payment or transfer through another of his accounts. As the cryptocurrency platform provided the service offered by providing Mr O's cryptocurrency in return for his funds (albeit it was later lost to a fraudster) I don't think Mr O would have any chances of success in a chargeback claim for his card payments. Similarly, as Mr O made the faster payments to his own account, which then went to a cryptocurrency platform, any attempts to recover funds would be against Mr O's own recipient account and therefore also unsuccessful.

Therefore, while I'm sorry to disappoint Mr O, and while I don't dispute that he's fallen victim to an awful scam, I haven't concluded that Monzo is liable for his losses and it therefore follows that I don't require it to reimburse him.

### **My final decision**

My final decision is that I don't uphold Mr O's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or

reject my decision before 22 October 2024.

Kirsty Upton  
**Ombudsman**