

The complaint

Mr S complains that Monzo Bank Ltd hasn't refunded him after he fell victim to a scam.

What happened

The background to this complaint is well known to all parties and so I'll only summarise the key events here.

Mr S found what he believed to be a legitimate job opportunity on a website in late August 2023. The job involved submitting reviews and performing tasks online, with commission to be paid on the number completed. Mr S didn't know at the time, but this had been set up by a scammer.

Mr S was given instructions on how to sign up and did so. He was then instructed that he'd need to create a crypto wallet to facilitate his work. He set one up. The scammers then told him he'd have to send crypto from that wallet to an account controlled by the scammers. This was on the pretence that he was funding an account which would enable him to carry out the tasks, which would in turn earn him commission.

Mr S made transactions from a non-Monzo account to begin with and has said he received some returns. On 29 August 2023 Mr S began to transfer funds from Monzo to his crypto wallet, and from there on to the scammer. He sent £3,347.18 and £3,244.18 that day plus a £0.10 payment. The following day he sent a further £1,647.84. This money was sent at the scammer's instruction, with Mr S being told his available balance had dropped and needed to be topped up in order for him to receive his commission. Some of these payments were financed through a loan taken out with a different bank.

He realised something was wrong when the scammer told him the account linked to his job had dropped to a negative balance of \$8,186.93. The scam was reported to Monzo on 2 October 2023, but Monzo didn't provide an answer and so he brought the complaint to this service.

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 that Mr S has been the victim of a cruel scam. I don't underestimate the significant impact – emotionally and financially – this scam has had on him. But, having considered everything, I'm not upholding his complaint. I'll explain why.

The starting point at law is that Mr S is responsible for any payments made from his account which are properly authorised. This position is set out in the Payment Service Regulations (2017) and confirmed in his account terms and conditions. There's no dispute on the question of authorisation here. Mr S has confirmed he made the payments, albeit as part of a scam.

But Monzo ought fairly and reasonably to have systems in place to monitor accounts and transactions for signs of fraud and scams. And, where there's an identifiable risk of financial harm, it might be fair and reasonable for an apparently legitimate payment instruction to be stopped and questioned.

I'm persuaded Monzo ought to have intervened in the payments being made by Mr S. The point at which Monzo ought to have stepped in is payment two. It was the second payment out of the account in quick succession. The value of those two payments was high, separately and cumulatively. And they were going to a cryptocurrency platform that, whilst used legitimately in many instances, does carry a higher fraud risk as such platforms are commonly used by fraudsters in scams like this.

Monzo ought to have stepped in here to question Mr S about what the payments were for. The aim here would be to identify the payment purpose through the asking of tailored and dynamic questions and thus allow for further assessment of a potential scam risk. Should a risk be identified, it would then follow that warnings were given.

However, I'm not persuaded that intervention by Monzo would have made a difference here. There is strong evidence to show that Mr S was being coached by the scammers at every step.

He was told to apply for a loan and did so, with a different bank. When he applied, he didn't disclose the true purpose of the lending. Nor did he tell the bank the truth about why he was sending money out of his account there on to one of his other accounts.

The scammers told Mr S he'd need to tell Monzo that he was going to be dealing in cryptocurrency so it wouldn't stop his payments. And so there is a significant body of evidence to show that Mr S was being coached by the scammers and that he was following their instructions, seemingly without questioning them.

Whilst I would expect Monzo to be alive to common scam types – including this one – it seems Mr S was prepared to withhold the truth from Monzo and instead listen to the instructions of the scammer. It seems more likely than not that, had Monzo questioned Mr S about what he was doing, he would have relayed information being fed to him by the scammer. In making that finding I've considered the message history between him and the scammer. It's clear he was in very frequent contact, with message being exchanged minute-by-minute, including through the setting up of the account and the making of the payments. The coaching was frequent, interactive, and live.

Trading in cryptocurrency is a legitimate activity. And so it seems more likely than not to me that the scammer would have been able to feed Mr S a believable story about trading in crypto and that Mr S would have passed that story on to the bank. And given that's what Mr S had told Monzo he was going to be doing from the outset, I don't believe it would have uncovered the scam.

My final decision

I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 August 2024.

Ben Murray
Ombudsman