

The complaint

Mrs J complains that Monzo Bank Ltd has failed to refund money she lost to a scam.

What happened

In August 2023, Mrs J was contacted by someone via a messaging app who said they worked for a recruitment firm, advising her of a job opportunity. Mrs J was put in touch with another individual who told her the job involved her completing tasks on an online platform. Mrs J was told she could earn commission, but that she would need to make payments to the platform in cryptocurrency to unlock sets of tasks to complete.

As part of the scam Mrs J opened a new account with Monzo to facilitate her payments. Over the course of two days Mrs J made four payments to a cryptocurrency wallet she'd been told to open by the scammers, and from there on to the scammers themselves. In total, Mrs J sent £8,000 to the scammers.

When Mrs J realised she had been scammed she got in touch with Monzo. Monzo looked into what had happened, but ultimately told Mrs J that it did not think it was liable for her loss. It said the loss had been from her cryptocurrency account and so did not feel it had any liability for what had happened.

Mrs J wasn't happy with Monzo's response, so she brought a complaint to our service. An Investigator looked into Mrs J's complaint, and they felt that Monzo should have intervened in the second payment Mrs J made to the scam. The Investigator felt that, if Monzo had done so, then the scam would have been uncovered. But they also felt Mrs J should bear some responsibility for what had happened here. So, they recommended that Monzo refund 50% of Mrs J's loss from the second payment onwards.

Monzo did not agree, it maintains that it is not responsible for Mrs J's loss, given that the payments were for the legitimate purchase of cryptocurrency. It says that Mrs J's loss did not occur at the point she made the payments from her Monzo account. It has also said it was not obliged to intervene in the payments Mrs J was making, and that even if it had then it would not have been able to stop the scam given that it felt Mrs J had not been honest with it about what had happened.

As no agreement could be reached this case was passed to me for a decision. I issued my provisional decision on this case on 27 June 2024, explaining why I did not consider that Monzo needed to reimburse Mrs J for any of her loss. Monzo accepted my decision, Mrs J did not.

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.

In my provisional decision I explained the following:

"It isn't in dispute that Mrs J authorised the payments she made to the scammers. And the

starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made. There are though some circumstances in which a bank may still be reasonably expected to reimburse a customer for payments made to a scam.

These payments are not covered by the Lending Standards Board's Contingent Reimbursement Model Code, as they were payments to another account in Mrs J's name. So Mrs J is not entitled to reimbursement under that code. However, I've considered whether Monzo should have done more to prevent Mrs J from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.

But Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. And, in situations where Monzo do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case, Mrs J's Monzo account was opened as a result of the scam, so Monzo had no account history with which to compare any transactions Mrs J was making. This means Monzo would have been relying on generic indicators of fraud risk when the scam payments were made as it would have had no idea of what might be normal for Mrs J's account at that time.

And while Mrs J did make four payments out of her account over two days these payments were, in the context of the payment Monzo would see every day, not particularly high. I also don't think that it would have been clear at the time of the payments that they were to a cryptocurrency wallet. Monzo's records show that the payments were identified as being to a payment processor – M – which does process payments for some businesses associated with cryptocurrency. But M also processes payments for businesses with no relation to cryptocurrency at all, so I don't think it would have been clear to Monzo exactly where the money was going at that time.

I think it's also important to consider that the payments were being made to an account in Mrs J's name – which Monzo was aware of at the time – which would have provided some level of reassurance to Monzo about the legitimacy of the payments. And the payments also didn't appear to follow a pattern that would be easily identified as possible scam behaviour. For example, they didn't increase over time or increase in frequency as time went on.

So, with all this in mind, I'm currently minded to say that it was reasonable for Monzo not to intervene in the payments Mrs J was making. It follows that I don't consider that Monzo missed an opportunity to uncover the scam Mrs J was a victim of. I therefore don't think it could reasonably have done more to prevent her loss, and so I won't be asking it to refund those losses to Mrs J.

I've also thought about whether Monzo could have done more to recover the funds after Mrs J reported the fraud. But I'm satisfied that it could not have done more here. The payments were for the purchase of cryptocurrency, and the cryptocurrency was apparently provided, so there would not have been any basis for Monzo to request the return of those funds.

I appreciate this will be very disappointing for Mrs J, and I'm sorry to hear she has been the victim of a cruel scam. However, I'm not currently persuaded that Monzo can fairly or reasonably be held liable for her loss in these circumstances."

Mrs J has referred to 'the code' in her response to my provisional decision, and to the actions of another bank that she made payments to the scam from, which has refunded her loss. But my role is to look at what Monzo has done here, and any actions Mrs J's other bank has taken do not mean that Monzo is liable for Mrs J's loss. As explained, the payments Mrs J made are also not covered by the CRM Code as they were payments to an account in her own name. So, while I appreciate Mrs J taking the time to respond to my provisional decision, nothing she has said changes my findings. I remain satisfied that it would not be reasonable to ask Monzo to refund any of Mrs J's loss.

My final decision

I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 15 August 2024.

Sophie Mitchell
Ombudsman