

The complaint

Mr M complains about Monzo Bank Ltd.

He says that Monzo didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost as a result.

What happened

Mr M received an unsolicited message from an individual offering a task-based employment opportunity. Mr M would be required to purchase tasks via cryptocurrency and would then be paid commission.

Mr M agreed to take up the opportunity and made the following payments.

Payment	Date	Payee	Payment type	Amount
1	18/06/2023	MP	Card	£7,500
2	20/06/2023	MP	Card	£7,150
3	21/06/2023	MP	Card	£4,850
4	23/06/2023	MP	Card	£7,500
5	24/06/2023	MP	Card	£7,500
			Total	£34,500

Unfortunately, Mr M had fallen victim to a scam which he realised when he was told he needed to pay excessive amounts of tax in order to access the money he thought he had made.

He made a complaint to Monzo, but it didn't uphold his complaint. Unhappy, he brought his complaint to this Service.

Our investigator looked into things but didn't think that Mr M's complaint should be upheld, so the complaint has been passed to me.

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.

Having done so, I've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Mr M, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr M authorised the payments in question here – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Monzo should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr M when he authorised payments from his account or whether it could and should have done more before processing them.

Monzo has shown that it declined a transaction on 18 June 2023 and contacted Mr M to discuss the payment. Initial contact was made via that Monzo app, and it explained it would need to speak to him about what was happening. It spoke with him the next day and has provided the call recording of the conversation that took place.

During this call, Monzo asked Mr M what the purpose of the payments was for, and why he had decided to make a purchase of crypto. It also asked him if he had received any phone calls or messages about the investment, and if there was any third party involved. Mr P explained that he had invested in crypto before, and that no one had contacted him. He also explained that he had been scammed before and was knowledgeable about how to invest in crypto. When asked about what would happen to the funds once they left his account, he said the money was to be paid into his own crypto wallet – and that he didn't intend on moving the money anywhere else. However, this wasn't the case.

I don't know why Mr M didn't divulge that he had been contacted via message about the crypto, and that he was actually making the payments as part of a supposed employment opportunity. He says that he wasn't coached by the scammer in what to say – but it is clear that he didn't divulge important information to Monzo, which could have helped it uncover the scam. Had he told Monzo that he was paying money as part of an employment opportunity, then I think it would have known that he was being scammed and warned him about this. Instead, he presented himself as someone who was knowledgeable about crypto investments, and the risks involved.

Therefore, I am satisfied that Monzo attempted to identify if a possible scam was taking place, but it was unable to do so due to the answers Mr M provided to it. And while it didn't intervene further, I'm not persuaded that Mr M would have told it any more than he already had, and the scam still wouldn't have come to light.

I am very sorry for the situation Mr M now finds himself in, I know that he has lost a lot of money and is understandably upset by what has happened – but the loss he has suffered has been caused by the scammer – not Monzo – and I don't think it missed an opportunity to uncover the scam.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 October 2024.

Claire Pugh
Ombudsman