

The complaint

Mrs S complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Mrs S is represented by a firm I'll refer to as 'IC'

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In early 2024 Mrs S fell victim to a task-based job scam. She was contacted on an instant messenger application by an unknown person who introduced her to a remote-working job – which we now know to be a scam – with a firm I'll refer to as 'J'. The scammer explained the job involved submitting tasks to *“generate consumption data to improve the star rating and rating scale of the product in the respective market, which will attract more online shoppers to them, which will generate profit and we will be paid in return”*. Mrs S was told the average daily income was £150-£200 and that, if she worked seven consecutive days, she would earn an additional £500.

As part of the job, there were 'lucky bonuses' that increased Mrs S's earnings. But these resulted in her account going into a negative balance and to rectify this, a deposit of funds was required. To do this, J showed Mrs S how to fund her account by purchasing crypto – directing her to open a wallet with a legitimate crypto provider(s). Mrs S went on to make the following payments from her Monzo account as part of the scam:

Transaction Date	Transaction type	Payee	Amount
5 January 2024	Card payment	Crypto provider	£155
6 January 2024	Card payment	EMI provider (Mrs S)	£301.26
6 January 2024	Card payment	EMI provider (Mrs S)	£361.51
6 January 2024	Card payment	EMI provider (Mrs S)	£50.21
6 January 2024	Fund transfer	EMI provider (Mrs S)	£650
6 January 2024	Fund transfer	EMI provider (Mrs S)	£650
7 January 2024	Fund transfer	EMI provider (Mrs S)	£1,300
16 January 2024	Card payment	Crypto provider	£500
16 January 2024	Card payment	Crypto provider	£500

16 January 2024	Card payment	Crypto provider	£500
16 January 2024	Fund transfer	Mr A	£1,000
23 January 2024	Card payment	Crypto provider	£500
23 January 2024	Card payment	Crypto provider	£500
23 January 2024	Card payment	Crypto provider	£500
	Total	Total	£7,467.98

Mrs S realised she'd been scammed when the amounts she needed to deposit kept on increasing, which she couldn't afford. Nor could she withdraw any of her funds.

IC complained on Mrs S's behalf to Monzo on 23 February 2024 saying the payments were made as part of a scam. They considered Monzo failed in their duty to protect Mrs S from it, and so, they wanted Monzo to refund her losses.

IC didn't receive a response and so, they referred Mrs S's complaint to the Financial Ombudsman. Our Investigator didn't uphold it. He said the payments wouldn't have been particularly unusual or suspicious to Monzo based on Mrs S's normal account activity – noting she regularly used the account and had made payments of a greater value previously. Nor did he think the payment pattern indicated a higher risk of fraud. And as Monzo didn't interact with Mrs S at the time of the payments, he didn't think Monzo missed an opportunity to identify they were being made as part of a scam. Also, our Investigator didn't think Monzo could've done anything more to recover the funds.

IC disagreed. In short, they said:

- Banks have a responsibility to educate and protect their customers from potential fraud. And a timely warning about the risks associated with crypto would've prompted Mrs S to think twice and investigate further before proceeding. This didn't happen and the payments were allowed to pass with any intervention or warning.
- Although the payments aren't huge in comparison to other consumers, they are large for Mrs S. Banks have a duty to observe account activity and ensure customers are not subject to fraud, as such, the warnings or interventions need to be tailored to each individual account. Applying the appropriate level of control and oversight may well be more resource intensive for banks but that does not mean it is not justified and critically, necessary.
- On two occasions there were multiple payments made on the same day to a crypto provider. This is a common hallmark of a potential scam, and thus a red flag that warranted a deeper review by Monzo.

The matter was passed to me to decide. I wrote to both parties and, in short, explained:

- I was minded to agree with our Investigator that these payments weren't unusual or suspicious enough whereby I would've reasonably expected Monzo to have carried out additional checks before processing them. This is because:
 - The payments were individually and collectively of a relatively low value.

- The payments were made over the course of about three weeks – and so not made in rapid succession.
- About half of the payments were being made to Mrs S's account with an EMI provider - and so not to a crypto provider (which carries a known fraud risk).
- Although there were three payments to a crypto provider on a single day (on both 16 and 23 January 2024), these payments only totalled £1,500 each time. As per above, I don't think it was of significant enough value whereby I would have expected Monzo to have had sufficient reason to suspect Mrs S was at heightened risk of financial harm.
- There was, however, a £1,000 payment made to Mr A. The evidence provided by Mrs S shows this appears to have been sent directly to a scammer's account, with the funds then applied to the scam platform (and so not credited to a legitimate wallet in Mrs S's own name). With this mind, and there being no dispute Mrs S has been the victim of an employment scam, it appears that this payment is caught by the Contingent Reimbursement Model (CRM) code.
- Given Monzo, while not a signatory of the CRM code, has committed to adhering to its principles, it would be fair for the £1,000 payment to be refunded (plus 8% simple interest).

Monzo agreed to this outcome.

IC responded and, in short, added the following for my consideration:

- Collectively the payments were for a significant amount. And they've seen the Financial Ombudsman uphold other cases of a lower value.
- Although the payments were made over 19 days, 11 of the payments were made on three days. And so, they believe the payments on these days is rapid succession.
- Banks are aware that, alongside payments to crypto providers, scammers often ask customers to utilise EMIs.
- Three separate payments of £500, rather than a single £1,500 payment, is often a red flag of a customer being coached/manipulated.
- Monzo should've been on notice that Mrs S might have needed additional support, and could be vulnerable to scams, as she'd made payments to 'Visa Embassy...' from her account.
- There were clear signs a scam might be taking place and so, they maintain Monzo had a duty and opportunity to intervene to protect Mrs S.

As both parties have had an opportunity to respond, I can proceed to making my final decision on Mrs S's complaint.

Before I explain the reasons for the decision I've reached, I'd like to clarify that I'm considering the specific circumstances of Mrs S's complaint here. I therefore won't be commenting on any other cases that the Financial Ombudsman has decided.

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've considered the additional points put forward by IC. Having done so, I'm not persuaded to depart from my provisional thoughts on Mrs S's complaint. I'll explain why.

I'm sorry Mrs S has been the victim of a scam, and I don't underestimate the impact this has had on her. But while I accept Mrs S has lost a lot of money due to being deceived by J, I must consider whether Monzo is responsible for the loss she has suffered. And, putting aside the £1,000 that Monzo has agreed to refund, I don't think they are.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs S knowingly made the payments from her Monzo account – albeit under the direction and guidance of the scammer as she believed J to be legitimate. And so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process Mrs J's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mrs S to Monzo (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

The payments being disputed here were, individually, of a relatively low value – with £1,300 the highest. Although Mrs S typically used her Monzo account for low value day to day transactions, she'd made payments of a similar or greater value in the prior 12-months. Because of this, I don't think the individual value of the payments would've been seen by Monzo as being unusual or out of character for Mrs S. And while I appreciate it is a lot of money Mrs S has lost; I'm not persuaded that it is collectively of a value – with the amount spread across 14 payments over a three-week period – whereby I consider Monzo had enough reason to suspect Mrs S was at a heightened risk of financial harm from fraud.

Six of the payments were also going to Mrs S's own account with an EMI – and so not being sent directly to a crypto provider (which carries a known fraud risk that I'll go on to address). So, while Monzo should be mindful of multi-stage fraud, I think they would've likely been reassured by the fact that these payments – which, as I've said, were low in value - were being made to an account held in Mrs S's own name.

In terms of the frequency of payments, I do accept that multiple payments made in a short period of time can be a potential indicator of fraud or a scam. However, while of a lesser value, Mrs S has made multiple payments to the same payee/merchant on her account in succession (including on the same day) before. Because of this, I don't think this type of

payment activity would've stood out to Monzo as being as particularly unusual for Mrs S. Nor do I think it was so suspicious, or high risk in nature, whereby it gave Monzo sufficient reason to suspect Mrs S could be falling victim to a scam.

Mrs S did make payments from her Monzo account to a legitimate crypto provider(s) as part of the scam. And, as I've said, crypto carries a known fraud risk that Monzo ought to have considered as part of their requirement to monitor unusual patterns of account activity to prevent potential financial crime. But while crypto providers are sometimes used for this purpose, they're also used by many individuals to invest in crypto legitimately. Because of this, I wouldn't necessarily have expected Monzo to have carried out additional checks before processing the payments simply because they were going to a crypto merchant. But rather, I would expect them to take steps to protect customers that are proportionate to the identifiable risk.

In Mrs S's case, the value of these transactions wasn't excessively high based on her typical account usage. Furthermore, the payments were spread over a period of about three weeks, and they didn't take Mrs S overdrawn (which can be indicators of potential fraud). And while I've noted IC's point in respect of Mrs S having made payments to an embassy for what appears to be VISA purposes, I don't think this means she was at a greater risk of falling victim to fraud or a scam. These payments do not, in my view, give Monzo enough information to establish whether or not Mrs S was more vulnerable or not.

It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I think it was reasonable for Monzo to assume the payments were being made for legitimate purposes. And so, I think it was reasonable for Monzo to process the payments upon receiving Mrs S's instruction(s).

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Mrs S's losses, but I don't think they could. As Monzo has agreed to refund the £1,000 payment that was made to Mr A, I don't need to consider that further. But in respect of the rest of the transactions, Monzo could've only contacted the beneficiary bank to recover the funds Mrs S transferred and sought to recover the debit cards payments by way of chargeback. I'll explain why neither recovery option would've likely been successful.

The funds transferred from Mrs S's Monzo account were sent to her own account with an EMI before, as I understand, it was forwarded on as part of the scam. There wouldn't therefore have been any funds left to recover but, even if there was, it would've remained in Mrs S's control. In respect of the debit card payments, any attempted chargeback wouldn't have had any reasonable prospects for success. This is because Mrs S received the expected service from the crypto provider - that being the exchange of funds into crypto.

It follows that, beyond the £1,000 payment Monzo has agreed to refund (and 8% simple interest for loss of use of money), I don't think Monzo is responsible for Mrs S's remaining loss. And so, while I have a great deal of sympathy for Mrs S as I appreciate she is the innocent victim of a scam, I cannot fairly direct Monzo to refund her any more than this.

My final decision

My final decision is that I uphold this complaint in part. I direct Monzo Bank Ltd to:

- Refund the £1,000 payment.
- Pay 8% simple interest, per year, from the date of the payment to the date of

settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 June 2025.

Daniel O'Dell
Ombudsman