

The complaint

Mr C is unhappy Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP scam).

What happened

The details of this case have been clearly set out by our Investigator. As such the facts are well-known to all involved parties and so I don't intend to repeat them at length here.

But in summary, I understand them to be as follows;

- Mr C met somebody through a well-known online dating site.
- Over a short time they formed a friendship and exchanged messages. But unknown to him at the time, Mr C was communicating with a fraudster.
- The fraudster told Mr C that she was interested in trading and that she made good profits and she offered to train Mr C in trading, so he could make money too.
- Believing everything to be genuine, Mr C made a small initial investment from an account he holds with another banking provider, and realised a profit.
- But the fraudster then persuaded Mr C to invest more money and he realised he'd been scammed when he was unable to withdraw his money.
- The payments were made to a cryptocurrency wallet in his own name, which the fraudsters had instructed Mr C to open. From there the amounts were sent to accounts that the fraudsters controlled.

The following payments were made from Mr C's Monzo account to the fraudsters;

16 January 2024	£1,700
16 January 2024	£2,565
16 January 2024	£2,200
18 January 2024	£2,100

Mr C raised the matter with Monzo, but it declined to refund him the money he lost. In summary it said the payments were made to another account in Mr C's name which was under his control - so it cannot be considered the point of loss. It said it didn't think there was any foreseeable harm and that no error had been made. Monzo added that it felt Mr C didn't conduct sufficient due diligence before making the payments.

Mr C brought his complaint to our service as he wasn't happy with Monzo's decision. One of our Investigators looked into it and recommended the complaint should be upheld in part. It was our Investigator's view that at the point Mr C was making the second payment, for £2,565, Monzo ought to have been concerned and intervened. He said this as the payment wasn't typical of Mr C's usual account activity and was the second payment to a cryptocurrency firm within the same day.

Our Investigator said that had Monzo intervened, as he thinks it ought to have done, it would have made a difference and prevented Mr C from sending further money to the fraudsters. But our Investigator thought liability should be shared, in summary this was because he

thought the returns being offered were unrealistic and he didn't consider Mr C had carried out sufficient research. He said this especially as he'd seen from the messages Mr C had with the fraudster, that he seemed to have his own doubts.

It was our Investigator's view that Monzo should refund Mr C £3,432.50, being half the money he lost, from the point he made the payment for £2,565, as well as paying interest.

Our Investigator's opinion was sent to both parties on 24 June 2024, with a deadline for responding of 8 July 2024. Through his representatives Mr C accepted our Investigator's view. The deadline passed but no response was received from Monzo.

Our Investigator wrote to Monzo again on 17 July 2024, to explain that as a response hadn't been received the complaint would be passed to an ombudsman to decide. That gave a deadline for submissions of 31 July 2024. That deadline has passed and, over two months later, the bank has still failed to respond. As such, the case has been escalated 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.

Having done so I'm upholding it in part. Our statutory rules provide – at DISP 3.5.8 to 3.5.15 of the Financial Conduct Authority Handbook – that we may give case-management directions and fix or extend deadlines; and that we may:

...reach a decision on the basis of what has been supplied and take account of the failure by a party to provide information requested;

And that...

If a respondent fails to comply with a time limit, the Ombudsman may: (1) proceed with consideration of the complaint; and (2) include provision for any material distress or material inconvenience caused by that failure in any award which he decides to make.

I've therefore concluded that, in the absence of a response from Monzo to the Investigator's initial assessment, it is fair and reasonable to proceed on the basis of the evidence we already have and/or to take account of Monzo's failure to reply to the Investigator's opinion.

I've considered whether Mr C ought to have been reimbursed when he notified Monzo of the scam.

Firstly, I've thought about whether Monzo ought to have intervened during the course of the payments that Mr C was sending. Having done so, I agree with our Investigator, in that I think at the point Mr C was making the second payment it was sufficiently unusual and out of character that as a matter of good industry practice Monzo ought to have contacted Mr C to reassure itself he was not at risk of financial harm.

Had Monzo done so, I am satisfied that the scam would have been uncovered. I say that as I think Mr C would have answered any questions Monzo posed freely and it would have come to light that he was making investments to cryptocurrency, for what he believed to be large profits, following the recommendation of somebody he'd met through an online dating agency.

With this, I think it would have been immediately apparent to Monzo what was happening, given its knowledge of the prevalence of this type of scam. I think it could have warned Mr C and, given it's apparent he already had his own doubts, I think it's more likely than not he would have heeded his banks warnings and not proceeded to make any further payments. As such, this payment for £2,565, nor the subsequent payments to the fraudsters would not have been made, and Mr C would not now be without this money.

I understand Monzo don't believe it should be held responsible for Mr C's loss as they say it didn't occur with it. I've taken into account that Mr C transferred the money into his own crypto wallets, rather than directly to the fraudster, and so he remained in control of his money after he made the payment from his Monzo account and that it took further steps before the money was lost to the scam.

However, for the reasons I've explained, I am satisfied that it would be fair to hold Monzo responsible, at least in part, for the loss Mr C suffered from the point of the £2,565 payment on 16 January 2023. This is because the potential for multi-stage scams ought to have been well known to Monzo and as a matter of good practice they should fairly and reasonably have been on the look-out for payments presenting an additional scam risk – including those involving multi-stage scams.

The Investigator thinks that Mr C should bear some responsibility for failing to do enough research and for not acting on his doubts. I've considered this carefully and I'm in agreement with our Investigator that it would be fair for a deduction of 50% to any award here.

I say that because I think the returns Mr C was being offered weren't realistic, to the point of being implausible. It was always going to be a risk for Mr C to follow the instructions of somebody that he'd never met in person and that he'd only recently met online. He seemed to have his own doubts, but rather than act on these he took what he was being told at face value and proceeded to make the payments.

Finally, I've considered whether Monzo acted reasonably when it was made aware of the scam. But the payments Mr C sent were to crypto exchanges in his name. It was from there that he sent the payments to the fraudsters. This means there would've been no money available for Monzo to recover.

Putting things right

For the reasons explained above, I now ask Monzo Bank Ltd to;

- Refund Mr C £3,432.50 (being 50% of £6,865 – which is the amount he paid from the second payment).
- Pay 8% interest on this amount from the date of payments to the date of settlement.

My final decision

My final decision is that I partially uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 November 2024.

Stephen Wise
Ombudsman