

## The complaint

Mr Y complains that Monzo Bank Ltd (Monzo) won't refund money he lost in a job scam.

## What happened

*What Mr Y says:*

Mr Y is represented by a third-party claims firm. He was looking for extra work to add to his income, and had applied for several jobs online. He was then contacted via WhatsApp by someone claiming to be from a recruitment agency – who introduced him to a job role. The contact made sense because he had been looking for work.

He was told the job was to write movie and product reviews – to increase their ratings and appeal and so sales could be improved; and he only needed to work for one or two hours a day. He was likely to earn up to USD500 per day.

He completed the necessary training and was instructed to open an account with the company – he was given a pre-funded balance. He was also instructed to open an account with a crypto exchange firm in his name.

As part of the scheme, he had to purchase additional 'data' to be used – to enable him to upgrade to a higher tier, so increasing his potential income.

Mr Y wanted to test if the scheme was genuine and asked for some money back, and this was sent to him – he got three amounts of £39.50, £201.50 and £185.61. He was therefore convinced the scheme was genuine. Then he was asked to put in more money to pay for the data. He made a total of eight payments. **(continued)**

The payments (and credits) were:

Number	Date/time	Payment	Amount
1	17 September 2023 – 10.59	Debit card to crypto wallet	£25

2	18 September 2023 – 16.06	Debit card to crypto wallet	£60
	18 September 2023	Credit	(£39.50)
3	19 September 2023 – 10.30	Debit card to crypto wallet	£78
4	19 September 2023 – 12.09	Debit card to crypto wallet	£165
	19 September 2023	Credit	(£201.50)
	20 September 2023	Credit	(£185.61)
5	21 September 2023 – 16.29	Debit card to crypto wallet	£1,100
6	21 September 2023 – 17.20	Debit card to crypto wallet	£2,800
7	26 September 2023 – 12.37	Debit card to crypto wallet	£2,000
8	26 September 2023 – 12.47	Debit card to crypto wallet	£1,999
	<b>Net loss</b>		<b>£7,800.39</b>

Mr Y then tried to withdraw funds. But the scammer then wouldn't do that and stopped responding. Mr Y then realised he'd been scammed.

As a result of the scam, Mr Y lost all his savings and is now in debt. He is young and trying to make a future for himself, but that has been prevented. He cannot bear to look at his bank statements anymore as they are a reminder of the bad experience he had and the money he's lost. He feels shame and embarrassment. He has no idea how he can survive as he now has no savings to fall back on.

Mr Y says Monzo should've done more to protect him. These were payments to a known crypto exchange and carried a high chance of a scam. He says Monzo should refund the money he's lost plus interest at 8% per annum and compensation of £300.

*What Monzo said:*

Monzo didn't refund any money and said:

- Mr Y didn't carry out any checks about the scheme.
- The payments were authorised by Mr Y and were confirmed online.
- The point of loss was not when the payments were sent from Monzo, but when Mr Y then moved them to the scammer from his crypto wallet.
- A chargeback under card scheme rules wouldn't be successful– as the merchant (the crypto exchange) had provided the service.

*Our investigation so far:*

Mr Y brought his complaint to us. Our investigator upheld it. He said:

- The first five payments weren't unusual and were of low value. They were also

- spread out over a few days. So, Monzo didn't need to intervene in those.
- But Monzo should've been concerned from the sixth payment for £2,800. This was out of character and was unusually large compared to Mr Y's normal spending patterns. It was the second such payment to a crypto platform that day and within a short space of time.
  - So, by that time Mr Y had sent £3,900 on the same day – a significant change in his account behaviour.
  - If Monzo had intervened, it's likely the scam would've been stopped. A meaningful warning should have been sent but wasn't.
  - By this time, crypto scams had become fairly common and Monzo would've been well placed to prevent the fraud.
  - If Mr Y had been asked open questions, there was a good chance the scam would've been stopped – he hadn't been given a cover story by the scammers.
  - He considered there should be a deduction for contributory negligence. Because:
    - o The promised earnings of up to USD500 per day wasn't realistic for working one or two hours.
    - o To pay money for a job didn't make sense, especially if that money is used to purchase crypto currency.
    - o Mr Y didn't get any contract or paperwork for the job.

So, our investigator said Monzo should refund 50% of payments six, seven and eight - £3,399.50 plus interest at 8% per annum and pay compensation of £100.

Mr Y accepted this but Monzo didn't. The bank said the liability should sit with the provider of the digital wallet. Monzo asked that an ombudsman look at the complaint - and so it has come 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.

I'm sorry to hear that Mr Y has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr Y didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is 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 is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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 make 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.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr Y when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. Monzo hasn't signed up to the Code, but they follow its principles.

That said, the Code applies to faster payments made to another UK beneficiary— and in this case, the payments were sent to Mr Y's own crypto wallet and by debit card. So it doesn't apply in this case. I have therefore looked at this complaint using general 'Authorised Push Payment' considerations.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Mr Y normally used his account – then we would expect Monzo to have intervened and spoken to or contacted him. I looked at Mr Y's account history.

It's fair to say that Mr Y's account was only used for low value payments – there were no payments of the size of those paid to the crypto wallet.

But – there's a balance to be made: Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

And in this respect, the first five payments were of a relatively low value. So, in this case, I think Monzo acted reasonably in processing the first five payments.

But I agree the sixth payment should have been stopped and questioned by Monzo – but wasn't.

I say that as:

- It was for a high value compared to Mr Y's normal account behaviour.
- It was in favour of a known crypto exchange, and so known to carry a higher risk of fraud.
- It followed an earlier payment for £1,100 made within the last hour; on the same day and to the same payee.
- Each payment was preceded by a like credit transferred into the account from Mr Y's savings account with another bank – and only a small balance was left each time. These were typical signs that a scam was taking place.

Monzo was the expert in such matters and if they'd intervened, held the payments and contacted Mr Y we would have expected them to ask open questions such as:

- Why are you making the payment?
- Who to?
- For what purpose?
- How did you hear about the job?
- How were you contacted about it?
- Where did the money come from that you're sending?
- Where is the money going to from your crypto wallet?
- What do you know about bitcoin investing?
- Have you made bitcoin investments before?
- How were you given the account details where the money was to be paid to?

If they had, Monzo would've found out that the contact had originated from the internet and the nature of the scam.

And jobs scams such as this one were by this time, common and Monzo would've been well placed to advise Mr Y about the risks he was taking and advised him to not make the payments. I've looked at the WhatsApp chats between Mr Y and the scammers, and he wasn't advised to give a cover story to the bank or lie – so there every chance the scam would've been uncovered.

Also - we expect that from 1 January 2023, firms ought to recognise that cryptocurrency related transactions carry an elevated risk of the likelihood of the transaction being related to a fraud or scam. This is because, by that time, many leading firms had appreciated this risk and placed blocks or restrictions on cryptocurrency related transactions, and there had been widespread coverage in the media about the increase in losses to cryptocurrency scams.

So, I agree that Monzo should be liable to refund the sixth, seventh and eighth payments (£6,799) in the first instance.

#### *Contributory Negligence:*

But that's not the end of the story here. I also considered whether Mr Y could've done more to protect himself and whether he should therefore reasonably share some of his losses. And I think he should.

In thinking about this - we apply a test of what we would expect a reasonable person to do in the circumstances.

Even though I've seen that this was a sophisticated and clever scam, and that Mr Y was clearly taken in and was pressurised to send money, I consider he could reasonably have done more to protect himself as:

- He should've questioned why he was making payments to do a job – which was unusual.
- He could've asked why there was no written contract or terms of employment – these are usual.
- I've seen no evidence he did any research into the company he was working for or into the recruitment firm.
- He responded to a contact which came 'out of the blue' and which originated from the internet – which wasn't a wise thing to do. And came to trust the contact.

So, I agree that Mr Y should be responsible for 50% of his losses.

Our investigator also recommended that Monzo pay compensation of £100 because the bank didn't support him and pay the money back following his complaint. In general terms we tend to say that the upset in such cases is caused by the acts of the scammer rather than the bank concerned, but in the circumstances of this case I can appreciate the upset caused to Mr Y, so I agree with the award of compensation.

### *Recovery:*

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place.

But here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover.

### **Putting things right**

Monzo must refund £3,399.50 plus interest at 8% per annum simple and compensation of £100.

### **My final decision**

I uphold this complaint. must:

- Refund £3,399.50 plus interest at 8% per annum simple from the date of the payments to the date of settlement.
- Pay compensation of £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 29 November 2024.

Martin Lord  
**Ombudsman**