

The complaint

Miss E complains about Monzo Bank Ltd.

She says that Monzo didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost.

What happened

Miss E was introduced to a cryptocurrency investment scam via a messaging app by an individual she didn't previously know.

She was persuaded to send payments to individuals, who would then send cryptocurrency to her wallet, from which she would then transfer to a fake investment portal. In reality the crypto was just moved to another wallet out of her control, and the portal was being manipulated by the scammer.

Miss E made the following payments as part of the scam

Date	Payee	Payment type	Amount
04/06/2023	MU	Faster payment	£88.38
08/06/2023	AS	Faster payment	£245.10
09/06/2023	LT	Faster payment	£40.14
09/06/2023	FT	Faster payment	£333.78
10/06/2023	AH	Faster payment	£621.08
10/06/2023	FC	Faster payment	£1,516
13/06/2023	EC	Faster payment	£1,674
25/06/2023	VR	Faster payment	£366.87
		Total	£4,885.35

Miss E realised she had been scammed when she tried to make a withdrawal and made a complaint to Monzo.

Monzo didn't uphold her complaint, so she brought it to this Service. Our Investigator looked into things, but also didn't think that the complaint should be upheld.

Miss E asked for a final decision, 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 Miss E's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Miss E, so I'll explain why.

It isn't in dispute here that Miss E has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has

been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In broad terms, the starting position at law is that banks, electronic money institutions (EMI's) 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 (PSRs) and the terms and conditions of the customer's account.

Miss E authorised the payments in question here – so even though she was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, she 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 Miss E when she authorised payments from her account or whether it could and should have done more before processing the payments.

Having considered the payments Miss E made, I'm afraid I don't think that any of the payments were significantly unusual or uncharacteristic enough for Monzo to have first got in touch with her before processing the payments on her request.

I know that Miss and his representatives say the payments are unusual for Miss E – and that as she set up a number of new payees in quick succession that Monzo should have got in touch. But while I know that the payments in question here are larger than Miss E's usual use as I've explained above, there is a balance to be struck – and it is not reasonable for Monzo to be involved in every transaction a customer makes. And I don't consider the amount or frequency of these payments to be high enough for Monzo to have had concerns that Miss E was at risk of financial harm.

I am very sorry for the situation Miss E now finds herself in – I know she has lost a lot of money as a result of a cruel scam and is anxious and worried about what has happened. But the loss is the fault of the scammer themselves, and I can't ask Monzo to refund Miss E

when I don't think that it has done anything wrong

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 19 September 2024.

Claire Pugh
Ombudsman