

## The complaint

Mr G has complained that Monzo Bank Ltd (“Monzo”) failed to recognise and warn him about payments he made as part of a scam, which have left him out of pocket.

## What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr G says that he had been looking for extra income to supplement the income from his day-to-day employment. In November 2023 he was contacted by someone on a messaging app offering him the opportunity of a part-time remote working role where he would be required to review movies and post reviews about them. Mr G expressed an interest in the role and he was then contacted by another individual (“the scammer”) who explained he’d need to review a certain number of movies for around two hours a day in return for earning commission.

Mr G was given a link to access to “work platform” where he’d complete the reviews and track his earnings. Mr G was also added to a group chat including other people who were part of the alleged employment opportunity, where he was shown evidence of their success in the role.

Mr G says he was also instructed to open an account with a cryptocurrency platform to withdraw his earnings, which I’ll call “B”, and to open a Monzo account in case there were any issues with the cryptocurrency withdrawals. He also says that he was told his work account might show a negative balance, and if this happened, he’d need to top it up, but whatever he added would be returned to him, along with his commission.

Mr G started reviewing movies in November 2023 and when his balance fell into negative, he sent two payments to the scammer to bring it back into credit, in order that he could carry on working. He says that over the next few weeks this happened repeatedly, and he made a further ten payments to the scammer. He says that Monzo didn’t contact him or warn him about scams during any of these payments. Mr G says that he was immediately able to see the payments he was making in his work account, and as he’d built up a trusting friendship with the scammer, he trusted what they said.

Mr G made the following payments:

	Date	Amount
1	02/11/2023	£50
2	02/11/2023	£98
3	03/11/2023	£62
4	03/11/2023	£110
5	03/11/2023	£700
6	03/11/2023	£1,209.03

7	04/11/2023	£3,879
8	04/11/2023	£186.86
9	10/11/2023	£1,842
10	14/11/2023	£1,000
11	17/11/2023	£2,000
12	19/11/2023	£352
<b>Total</b>		<b>£11,488.89</b>

The scam was uncovered when, after making a final payment, Mr G requested to withdraw some of his earnings and couldn't. He was told he'd need to make a further deposit to cover tax before he could make the withdrawal, and he says it was at that point he realised he'd been scammed. Mr G says he emailed Monzo in December 2023 to report the scam, at which point he was told Monzo couldn't recover any of the funds.

Mr G made a complaint to Monzo as he said he doesn't recall Monzo giving him any warnings or advice in relation to the funds leaving his account to scammers. HE asked Monzo to reimburse him for his losses, with interest, plus £300 in compensation. Monzo didn't uphold the complaint as it said it had warned Mr G. Monzo also said it wasn't responsible for Mr G's losses as he'd sent the funds to an account in his own name.

Mr G remained unhappy so he referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. She said she thought the pattern that had emerged by the time Mr G sent the payment of £3,879 should've led Monzo to ask further questions before sending it. She also thought this would've led Monzo being able to provide a warning about the specific scam risk related to the transactions he was making.

Monzo didn't respond to the investigator's opinion so the case hasn't been settled, so it's been passed to me to issue 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 Mr G's complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr G authorised these payments from leaving his account. It's accepted by all parties that Mr G gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mr G's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Monzo says that when Mr G made the payments he was shown a “Confirmation of Payee” screen – which let him know that the payee’s details didn’t match the account details he’d entered. Monzo says it didn’t show Mr G any other warnings as it didn’t detect the payments as high risk. It says that although it has transaction monitoring systems in place, it needs to strike the right balance between reducing instances of its customers being scammed and making sure it doesn’t disrupt legitimate payments.

The transactions Mr G made were all sent to genuine cryptocurrency exchanges. Monzo says that it had no legal basis to stop the payments being made, as Mr G was making legitimate attempts to purchase cryptocurrency for deposit into his own wallet. It also says it’s familiar with the cryptocurrency exchanges Mr G sent funds to, and on this basis it was satisfied that the payments weren’t fraudulent. It also added that it knows the cryptocurrency exchanges show scam warnings on their sites.

Having considered everything, including Monzo’s reasons for not intervening in the payments, I’m not persuaded Monzo acted fairly in this case. By the time these payments were made in late 2023 Monzo was aware of the rise in cryptocurrency-related scams and these payments were identifiably being sent to cryptocurrency exchanges. In addition to this, the short succession of the payments and the pattern of increasing value are well-known characteristics of scams.

I’ve kept in mind that Mr G’s account was fairly new at the time these payments were made, so Monzo didn’t have a lot of historical data to understand the way Mr G typically used his account. But even without this, for the reasons I’ve set out above, I think it ought to have identified that something about the activity was suspicious and intervened to prevent the financial harm Mr G has now faced.

Despite Monzo’s comments around striking a balance between identifying fraudulent transactions and not disrupting its customers, I don’t agree that asking further questions and displaying a warning on screen before a customer makes a payment is disproportionately disruptive to the high risk of cryptocurrency scams. And in this case, I think it would’ve been proportionate for Monzo to intervene from the payment of £3,879.

I say this because this payment was significantly larger than any of the preceding transactions and was the seventh payment to a cryptocurrency exchange in two days. I think it would’ve been appropriate for Monzo to ask Mr G some further questions about the payment at that stage, and I’ve seen nothing to suggest Mr G wouldn’t have answered truthfully. Monzo would then have been able to give Mr G a specific written warning, relevant to the scam he was falling victim to. And had it done this, there’s a good chance that this payment, and the following ones, wouldn’t have been made.

Mr G reported that he’d been scammed to Monzo via its in-app chat on 6 November 2023. In that conversation I can see that Mr G explained to Monzo exactly why he was making payments – including setting out that he was making payments to earn money. Having considered that conversation I’m persuaded that Monzo should’ve been able to identify that Mr G was being scammed and taken appropriate steps to intervene. I also think Monzo ought to have used the opportunity to reduce the risk of financial harm to Mr G in the cryptocurrency transactions after this date, but it didn’t.

It’s clear from the chats Monzo had with Mr G that he was in a desperate financial situation; this was evident through the information he shared and his insistence on the case being resolved as soon as possible. So although I note Monzo’s point that Mr G continued making payments to the scammer after reporting the scam, I think that’s a result of Monzo’s inaction on two counts. It didn’t give Mr G any advice or warnings when it had the chance to when he reported the scam, and it also didn’t escalate or expedite dealing with the situation, but

instead closed the chat. I think it's likely this is what led to Mr G making further payments to the scammer, in a desperate attempt to be able to withdraw the profits he believed he was owed.

I note that Monzo says Mr G's account was frozen when he tried to send the payment for £3,879 but he misled it into thinking he needed to make the payment urgently to a friend. But the payee Mr G was requesting to make the payment to was a well-known cryptocurrency exchange, so I think it would've been clear Mr G wasn't paying a friend. It's also not clear from the chats that Monzo did anything to unfreeze Mr G's account based solely on what he told it about his friend being in need.

So this doesn't make me think Monzo acted in Mr G's best interests and therefore isn't accountable for what happened.

I've also considered whether Mr G received any warnings from the bank he sent the funds to Monzo from. Our investigator asked the other bank for this information, and it doesn't appear any warnings were given to Mr G before the funds reached Monzo. So this doesn't affect my decision.

#### Is Mr G responsible for any of his losses?

I've also thought about whether Mr G did enough to satisfy himself that the job opportunity he was allegedly sending money to take part in was genuine and wouldn't result in him losing that money.

I accept that Mr G had recently been looking for work, so he says he took the employment opportunity at face value. But it's very unusual for a recruiter to contact a prospective candidate and offer them a job through a messaging app, without having ever spoken to them. Mr G also didn't receive any kind of paperwork or employment contract showing what he thought he'd been offered, or what he'd agreed to in return. This, as well as having to pay cryptocurrency to earn money in return, isn't a plausible scenario.

With this in mind I think it's fair that the responsibility for Mr G's losses are shared equally between Mr G and Monzo, from the seventh payment onwards.

#### Recovery of the funds

Monzo has provided evidence that it attempted to recover the funds from the recipients when it was made aware of the scam, but no funds remained.

As the funds were sent to cryptocurrency exchanges and the cryptocurrency was made available to Mr G immediately, I don't think Monzo could've done any more to recover the funds as they'd already been used.

#### **Putting things right**

For the reasons I've explained I require Monzo to:

- Reimburse Mr G 50% of the total of payments seven to twelve and;
- Pay 8% simple interest on each amount, from the date each payment left Mr G's account until the date of settlement\*.

\*If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one.

**My final decision**

I uphold Mr G's complaint and require Monzo Bank Ltd to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 November 2024.

Sam Wade  
**Ombudsman**