

The complaint

Mr A complains that Monzo Bank Ltd won't refund several payments he says he made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr A complains that from 09 August 2023 he made 12 payments to what he thought was a legitimate job.

Payment 1	09-Aug-23	£1,800
Payment 2	09-Aug-23	£1,500
Payment 3	09-Aug-23	£2,100
Payment 4	09-Aug-23	£350
Payment 5	09-Aug-23	£2,500
Payment 6	10-Aug-23	£500
Payment 7	10-Aug-23	£981
Payment 8	11-Aug-23	£555
Payment 9	14-Aug-23	£1,467
Payment 10	15-Aug-23	£1,663
Payment 11	16-Aug-23	£1,150
Payment 12	17-Aug-23	£1,000
Payment 13	27-Aug-23	£250
		£15,816

Mr A says he was contacted on a third-party messaging service and offered an opportunity to work and earn money completing tasks.

Mr A says that he started to send money and complete tasks, but it was when he tried to withdraw his money that he realised he'd been scammed. So, he logged a complaint with Monzo.

Mr A also sent payments from another third-party bank account of his, and that complaint is also with our service.

Monzo looked into the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payments to go through given their size and frequency. So, Mr A brought his complaint to our service.

Our investigator looked into the complaint but also didn't uphold it. As Mr A didn't agree with the investigator's view, the complaint's been passed 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've come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with The Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in August 2023 that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer.
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Monzo sometimes does including in relation to card payments).
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage fraud by scammers, including the use of payments to cryptocurrency accounts as step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Having considered the first two payments made by Mr A, I don't find they are of a value that I think would've concerned Monzo or triggered its automatic checking systems.

Much like the investigator, I am convinced payment three should've alerted Monzo to the fact

Mr A could be at risk of financial harm. By the time payment three was sent, Mr A had sent a total of £5,400 in the same day and over a brief period.

Having considered the size of payment three and where it was going to, I'm satisfied a proportionate intervention would've been an automated warning relevant to the payment type. Given Mr A selected investment and goods and services with the other bank he sent money from, I'm satisfied he would've most likely picked one of the same when completing the questions the automated warning asked for. And given the intervention and warning given by the other bank didn't prevent Mr A from sending further payments or break the spell of the scammer, I'm not convinced an automated message from Monzo would've done either.

I do understand Mr A was being coached by the scammer, and this is why he may have been answering some of the questions as he did, but in doing so, he made it difficult for either bank to establish the true purpose of the payments.

I think it's important to highlight that there are many payments made by customers each day and it's not reasonable to expect an EMI to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

Having considered the amount of money sent to the scammer after payment three, I'm not convinced these payments would've look sufficiently out of character given their size and wouldn't have triggered Monzo's payment checking process. Although there was one higher payment after payment three, the rest were more spread out and then started to decrease in value, which is not typical of what we see with this type of scam.

Having seen the intervention by the other bank Mr A sent money from, Mr A wasn't being accurate or forthcoming with the true purpose of the payments. The other bank was giving warnings based on the information it had and Mr A was reassuring the advisor that he was comfortable with who the payment was going to. Having considered the intervention questions asked during the intervention chat, I'm satisfied they were proportionate to the payment value and the indefinable risk involved at the time. Mr A also told the other bank he was paying for goods and services and was purchasing cryptocurrency, he did have the opportunity to say he was paying money as part of a task-based job but failed to do so. I don't think the answers Mr A gave would have raised any further concerns. Unfortunately, as Mr A wasn't answering the questions the advisors were asking accurately, it was much more difficult for the bank to detect that Mr A was falling victim to a scam.

Recovery

I've also looked at whether Monzo took the steps it should have once Mr A contacted them to dispute the payments.

After the payments were made, I couldn't reasonably expect Monzo to have done anything further until Mr A alleged to Monzo that he had been scammed.

As the money was sent to a wallet in Mr A's name and then sent to the scammer before Mr A reported it, Monzo wouldn't have been able recover any of the funds.

Mr A feels that Monzo should refund the money he lost due to the scam. I understand that this will have been frustrating for him, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind, I don't think Monzo needs to pay Mr A any compensation. I realise this means Mr A is out of pocket and I'm

really sorry Mr A's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 April 2025.

Tom Wagstaff
Ombudsman