

The complaint

Ms L complains that Monzo Bank Ltd won't refund £2,865 she lost in a bank impersonation scam in December 2023.

What happened

The background of this complaint is well known to both parties, so I won't repeat everything again here.

In brief, Ms L says she received two telephone calls from the same number but was busy at work. She says she checked the numbers on the internet and thought that the numbers belonged to Monzo, her bank. She received a third call and answered.

She says the caller verified her identity by asking for her email address and date of birth, but she did not provide the caller with her card number, sort code or PIN. She says the caller asked her to click on an email she had received, which the caller said was fraudulent and to send a screenshot of it to an email address that appeared to belong to Monzo. Ms L says she questioned how Monzo knew she had been emailed and was told that Monzo monitored her email account because it was connected to the Monzo account.

She says she was then asked to check Monzo's website, scroll to the bottom of a page that contained information about the Financial Services Compensation Scheme (FSCS), and to check the telephone number the caller was calling from. She saw the caller's number at the bottom of the web page. She says she was then directed to the Monzo app. The scammer asked her to transfer money to another account to protect and upgrade her account. She says she told the caller she wanted to wait and think about it, but the caller was persistent and scared her into believing that if she didn't carry out the transaction, she would lose all her money. She made a single payment, by debit card, for £2,865 and says she called Monzo straightaway, thinking she might have been scammed and Monzo was able to confirm that she had indeed been scammed.

Ms L sought a refund of the transaction from Monzo, but it didn't agree to refund it, so Ms L ultimately brought a complaint to us.

Our investigator didn't think Monzo was at fault for not refunding the transaction, but he did consider Monzo took several months to deal with Ms L's request for a refund and he noted that she had frequently contacted Monzo in that time, for updates. He recommended that Monzo should pay Ms L £200 to compensate her for this. Monzo accepted the investigator's assessment, but Ms L didn't.

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.

It isn't in dispute that Ms L has been the victim of a cruel scam, but I need to decide whether Monzo could have done anything to prevent it and whether it should refund Ms L's money.

Ms L made the payment by debit card, so the only way Monzo could try to recover the money would be to request a chargeback. Chargeback is a voluntary scheme that helps settle disputes between a merchant and a cardholder. There are only limited grounds for a chargeback to be considered valid.

Ms L didn't make the debit card payment to the scammers, she made it to a merchant that specialised in instant gift vouchers and reloadable cards. This is important because Monzo could only have processed a chargeback claim against the merchant. The service provided by the merchant would have been to provide a gift voucher or pre-paid card, which it seems likely was provided, but unknown to the merchant, was provided to the scammers. In those circumstances, it seems the chances of recovery would have been small.

I don't think Monzo ought to have prevented the transaction in the first place. The transaction was larger than some of the other payments Ms L had made from her account, which were frequently for several hundred pounds, occasionally for over £1,000, but it was not so unusual I would have expected Monzo to have intervened. While the transaction left the account with little money in it, payments were made fairly frequently that depleted the account to relatively low levels, before being topped-up quite quickly, so that doesn't appear particularly out of character either.

Overall, I don't find the transaction was so unusual it ought to have alerted Monzo that this transaction was possibly fraudulent.

I do consider Monzo could have explained its position to Ms L sooner than it did and that Ms L spent some additional time and effort chasing Monzo for a response, at what was clearly already a distressing time for her. Overall, I consider that the additional distress and inconvenience, caused by the delay in updating her should be compensated and that £200 is fair and reasonable. I say this because, while I understand the situation was very distressing, I am only awarding compensation for Monzo's actions in causing additional delay and I have not found Monzo responsible for the loss of Ms L's money.

My final decision

I uphold this complaint.

Monzo Bank Ltd must pay Ms L £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 18 September 2024.

Greg Barham
Ombudsman