

The complaint

Mr A is unhappy Monzo Bank Ltd didn't intervene on payments he sent to a scammer. He says Monzo ought to have flagged the transactions as suspicious, and had it intervened the loss would have been prevented.

What happened

In November 2023 Mr A was tricked into sending £3,510 to a scammer across three card transactions, over two consecutive days. All three were purchases for cryptocurrency – the first payment was for £260, the second one was for £500 on the same day, and the following day he completed a transaction for £2,750 with the same cryptocurrency provider. From the wallet in Mr A's name, the cryptocurrency was then sent on to what turned out to be a fake investment platform.

Mr A's brother had introduced him to the investment opportunity, and had showed him the profits he'd made through it. There was an app, which was downloaded through the app store, that lent credibility to the offering. Mr A had also seen the scam company mentioned on social media in a particularly sophisticated video of a conference. All of those factors initially persuaded him the investment was legitimate. But after Mr A tried to withdraw funds, and the money never arrived, he realised he'd been scammed.

Mr A reported the scam and later complained to Monzo, via a legal representative, in January 2024. The solicitors firm said the transactions ought to have been flagged as suspicious, and warranted enquiries from the bank, as they were going to a known cryptocurrency exchange and were out of character. Monzo didn't respond to the complaint within the timeframes set out by the regulator. So the matter was referred to our service for review.

One of our investigators looked at everything but didn't think the complaint should be upheld. In his view, the transactions weren't sufficiently concerning that they ought to have been flagged for fraud checks. So the investigator didn't think Monzo could have uncovered the scam and prevented the loss. He also didn't think there were any chargeback rights.

Mr A didn't agree, and asked for an ombudsman to review the answer given at the first stage of our process. He argued that Monzo didn't do enough to warn him of the risks. Mr A thought the bank would have seen lots of people making similar transactions, and so should have given him a courtesy call to make him aware of the dangers of sending money to cryptocurrency. So the complaint was passed to me for a final decision on the matter.

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 not upholding the complaint. I appreciate that will come as a great disappointment to Mr A, who has sadly lost a lot of money to a cruel and sophisticated scam. I have a great deal of sympathy for what he's been put through at the hands of the

fraudster. But, on balance, I can't fairly say Monzo should be held responsible for the loss. That's because I don't consider it ought reasonably to have been on notice that Mr A was at risk of being scammed, and I've explained why below.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Mr A 'authorised' the transactions in question (he made them), albeit under the false belief they were for a legitimate investment opportunity. So Monzo were under an obligation to process the payments – but that isn't the end of the story, as far as the bank's responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. That means I consider Monzo should fairly and reasonably have been on the lookout for the possibility of Authorised Push Payment fraud at the time, and intervened if there were clear indications its customer might be at risk. Monzo didn't make enquiries with Mr A about these payments. So the question for me to decide is whether the disputed transactions ought to have looked concerning enough to have prompted fraud checks.

Mr A's representatives have argued the transactions represented a marked change in use for the account. But there wasn't a lot of account history prior to the disputed transactions for Monzo to compare things to – as it had only been opened shortly before the scam. That made it difficult to spot that these were out of character, as it didn't know what Mr A's usual spending activity looked like. But I don't find the amounts, both individually or collectively, were so significant that Monzo ought to have been concerned and made further enquiries. I also don't think a clear scam pattern was evident yet. The payments weren't made in rapid succession, they were spaced across two days – and though they were increasing in value, I don't think the activity was indicative of an escalating situation by that point. So I don't consider Monzo ought to have intervened to provide warnings.

I'm also satisfied it did what it should have, in terms of attempting recovery of the funds – but unfortunately that wasn't possible in the circumstances. The time that had elapsed between the transactions and the scam being reported meant it was unlikely any funds remained in the scammer's account. But the card payments didn't go there directly – they were used to purchase cryptocurrency, which was then sent on to the scammer from Mr A's own wallet. So recovery by Monzo, through chargeback, would never have been an option, as the goods/services paid for were provided.

Overall, I don't consider there were sufficient indications Mr A was at risk of fraud to have warranted any intervention from Monzo. I appreciate Mr A believes Monzo should have called him, but I don't agree it was reasonably on notice that it needed to. Though he speculates the bank would have seen lots of similar transactions, his were going to a legitimate cryptocurrency exchange, and the majority of such spending won't be made as a result of a scam. In the circumstances here, there weren't enough risk factors present to justify stopping payments.

So, while I'm sorry to disappoint Mr A, and I recognise the huge impact the fraud will have had on him, I just can't fairly say that Monzo ought to have prevented the loss in this case.

My final decision

My final decision is I don't uphold Mr A's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 October 2024.

Ryan Miles
Ombudsman