

The complaint

Mr V complains that Monzo Bank Ltd (Monzo) won't refund money he lost in a job scam.

What happened

What Mr V says:

Mr V says he was looking for a part time job and was contacted on WhatsApp by someone claiming to be from a recruitment agency, offering him a part time job opportunity. He was referred to a mentor who set him up on two platforms.

His role was to complete tasks on the platforms by making deposits and then earning this back, plus commission when he completed the tasks.

The tasks were to stimulate the appeal of items for sale online by buying the product and for each task completed, Mr V used up some of his deposits. A commission was then added to his 'account'. At the end of a set of 30-40 tasks, the commission could be withdrawn.

But each time Mr V completed a task, the next one was more expensive, so he had to add more money. The payments were sent from Mr V's Monzo account to an online bank account in his name (which I call bank A) – and from there, to crypto wallets where the money was lost to the scammers.

Mr V has brought a complaint against bank A which is also the subject of an investigation by this service. **(continued)**

Mr V used all his savings and borrowed money from friends and family to make the payments:

Date		Payment	Amount
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3 August 2023	1	Faster payment to bank A – Mr V's account	£450
3 August 2023	2	Faster payment to bank A – Mr V's account	£450
3 August 2023	3	Faster payment to bank A – Mr V's account	£450
4 August 2023	4	Faster payment to bank A – Mr V's account	£450
4 August 2023	5	Faster payment to bank A – Mr V's account	£450
4 August 2023	6	Faster payment to bank A – Mr V's account	£3,350
5 August 2023	7	Faster payment to bank A – Mr V's account	£2,700
5 August 2023	8	Faster payment to bank A – Mr V's account	£1,376
6 August 2023	9	Faster payment to bank A – Mr V's account	£1,500
7 August 2023	10	Faster payment to bank A – Mr V's account	£4,000
7 August 2023	11	Faster payment to bank A – Mr V's account	£1,800
12 August 2023	12	Faster payment to bank A – Mr V's account	£1,000
14 August 2023	13	Faster payment to bank A – Mr V's account	£1,000
15 August 2023	14	Faster payment to bank A – Mr V's account	£3,250
Total			£22,226

He was then told that to make a withdrawal, he had to upgrade to 'VIP' level – for a further payment of USD1,500. He then realised he had been scammed.

Mr V says the payments he made were out of character – he was moving money in and out of a new account in a short period of time. It was common knowledge that new accounts have a higher risk of fraud. Monzo should've intervened and stopped the payments to protect Mr V.

If they had, Mr V says the scam would've been easily uncovered as this was a job scam which was commonplace; he was contacted out of the blue by the scammer; he was sending money for a job without an employment contract; and a screensharing app had been used to move the money to set up the crypto wallets.

Mr V says Monzo should refund the money plus interest at 8% per annum.

What Monzo said:

Monzo said the point of Mr V's loss was at bank A, as it was from that account that the money was sent to the crypto wallet and then to the scammers. And because the payments

were to an account in Mr V's name, the Contingent Reimbursement Model (CRM) didn't apply in this case. Monzo didn't refund any money.

Our investigation so far:

Mr V brought his complaint to us via a third-party claims firm. Our investigator didn't uphold it. He said:

- Monzo didn't intervene in any of the payments.
- He considered Monzo should have intervened from payment 11 (£1,800) – because there was a sizable amount of money being moved out of Mr V's account that day, and in the days leading up to that point. The payments were also preceded by similar credits into Mr V's account.
- Monzo should then have asked Mr V about the payments and provided a warning about the scam.
- But – even if Monzo had done that, he said it was unlikely Mr V would've taken any notice of it – and would likely have gone ahead anyway.
- This was because Mr V had been given a tailored scam warning by bank A on 2 August 2023 – when Mr V had stated the payment on that day was in connection with paying money to earn online. Even though bank A said 'stop, this is a scam', Mr V still went ahead and made the payment from bank A.
- Our investigator was persuaded that Mr V would therefore have ignored any warnings from Monzo had the bank intervened.

Mr V didn't agree. He said he sent £22,226 to bank A over a short period of time – and from a new account, and so this should've been enough for Monzo to intervene.

He said Monzo should then have asked open and probing questions. Mr V said he would've been honest in his answers and the scam would've been uncovered – Monzo would've seen the red flags which were apparent.

Mr V asked that an ombudsman look into his complaint and so it has come to me to do that.

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.

I'm sorry to hear that Mr V has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although he didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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 make 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.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr V when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. Monzo hasn't signed up to the Code, but they follow its principles.

That said, the Code applies to faster payments made to another UK beneficiary– and in this case, the payments were made by Mr V to his own account at bank A. So it doesn't apply in this case. I have therefore looked at this complaint using general 'Authorised Push Payment' considerations.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Mr V normally used his account – then we would expect Monzo to have intervened and contacted Mr V.

I looked at Mr V's account – it was a new account and he told us it was opened for the purpose of making payments to bank A. The only transactions were the payments to bank A – and all were preceded by like amount credits transferred to Monzo. So – the pattern and velocity of payments looked suspicious. The payments took place over a period of only 13 days – so it's reasonable to say that Monzo should've intervened.

But also - there's a balance to be made: Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think Monzo acted reasonably in processing the first nine payments. But by payment number ten (£4,000), such was the number and value of payments – that it's reasonable to say Monzo should've intervened in that payment.

But Monzo didn't intervene. And to come to a decision I must consider what would've happened had the bank done so. I looked at the associated complaint which Mr V has brought in connection with bank A.

Mr V made 22 payments from his account with bank A to a crypto wallet (and from there to the scammers). Sixteen of the payments almost mirror the payments to bank A from Monzo.

Looking at the payments made from bank A:

- Mr V told bank A that 13 of the payments were to 'friends and family' – so this wasn't true. Bank A then provided a scam warning relative to the declared purpose of those payments.
- Mr V said two other payments were for other purposes – which wasn't true.
- For the payment on 2 August 2023 (for £450), Mr V said it was for *'paying to earn money by working online'*.
- Bank A then provide a tailored warning which said *"Have you been asked to pay to earn money?"* which was then followed by *'Stop this is a scam – Scammers will ask you to pay, and then start earning money by watching ads or writing reviews...have you already been paid a small amount?', "Scammers might pay you a small amount first to gain your trust. Then, they'll ask you to pay them to earn larger amounts."*

So, bank A provided 16 scam warnings to Mr V, but he still went ahead. And – when he was shown a very strong tailored warning on 2 August 2023, he still went ahead.

I've therefore considered what would be happened had Monzo have intervened and given similar warnings. And given that Mr V chose to go ahead with the payments from bank A (despite the warnings he was given) - I'm persuaded that he would've ignored anything sent from Monzo as well.

So, I do not hold Monzo liable to refund the money to Mr V.

Recovery

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

The bank told us they didn't do so as the point of loss was bank A. I don't think that's good enough: Monzo should've tried to get the money back from bank A. But having said that, as the money had been moved immediately from bank A to the crypto wallets and then to the scammers, realistically there wasn't any prospect of getting any recovery here.

I'm sorry Mr V has had to contact us in these circumstances. I accept he's been the victim of a cruel scam, but I can't reasonably hold Monzo responsible for his loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 7 November 2024.

Martin Lord
Ombudsman