

The complaint

Miss B complains that Monzo Bank Ltd (“Monzo”) didn’t do enough to protect her when she fell victim to a scam.

What happened

Miss B fell victim to a scam which involved making a series of payments to simulate the purchase of items. She’d been led to believe this was a job she’d be paid for once she’d completed a set number of payments, or ‘tasks’.

Miss B, through her representative, told us she lost over £8,000 to this scam which took place between June and July 2023.

Miss B complained to Monzo in July 2023, having realised she’d been the victim of a scam. But Monzo didn’t uphold the complaint.

Unhappy with this, Miss B brought her complaint to this Service. Our investigator considered this complaint, but she didn’t uphold it. She felt that Monzo should have provided a tailored written warning before processing the first payment but didn’t think it would have made a difference to Miss B’s decision to proceed. She also considered whether a refund should be issued under the Contingent Reimbursement Model code (CRM) but didn’t think Miss B had a reasonable basis for belief.

Miss B disagreed. She felt that the initial payment (of over £3,000) was so clearly out of character that it should have been concerning to Monzo. And that a tailored warning specific to job scams should have been provided. So the complaint was passed to me.

I issued my provisional decision in August 2024. I said that I didn’t intend to uphold the complaint, and set out the following reasoning:

My first consideration is in relation to the CRM code. While Monzo hasn’t signed up to the CRM code, it’s committed to applying it to payments made since it came into effect. However, what I don’t think has been made clear so far is the nature of the payments made in this case. Here, it’s my understanding from the evidence provided, Miss B purchased cryptocurrency from a third party on a cryptocurrency exchange. So faster payments were made to that third party in exchange for cryptocurrency which was then later sent on to the scammer. The purchase of cryptocurrency was a legitimate purchase – and the CRM code doesn’t cover situations where the payments has been sent to a legitimate party.

Though CRM doesn’t apply here, I’ve considered whether Monzo ought to have done more before processing these payments, taking into account relevant rules, codes and best practice standards.

The starting position here is that Monzo would be expected to carry out the payment instruction as the payments were authorised by Miss B. But, given the value of the first disputed transaction – £3,150 – and with consideration to what firms knew at this

time about the elevated risk of the likelihood of cryptocurrency transactions being related to a fraud or scam, I would have expected Monzo to have provided a tailored written warning.

I don't consider the amount to be so significant that an intervention beyond a tailored written warning would be proportionate. But I would expect the tailored written warning to have been relevant to cryptocurrency investment scams, given the prevalence of this type of scam, tackling some of the typical features. And I note that, as far as Monzo would have been aware, this was a peer-to-peer cryptocurrency purchase (involving a well-known cryptocurrency provider) and it would appear that the third party involved here was also a legitimate online trading provider.

Monzo has provided a copy of the scam warning it says Miss B would have seen. It's debatable whether the warning is sufficient as a tailored written warning relevant to cryptocurrency investment scams. But Miss B wasn't sending payments in connection with an investment opportunity. So, whether or not Monzo's scam warning was sufficient, I'm not convinced that an appropriate warning would have led to a different outcome, given that the warning I'd expect Monzo to have provided wasn't relevant to Miss B's circumstances. I think it's likely that Miss B would have seen a warning about investment scams involving cryptocurrency and disregarded it as she wasn't making an investment.

The remaining payments were much lower in value, with payments ranging from around £126 to £1,000, and no more than £1,500 paid in one day. So, I wouldn't have expected Monzo to have intervened with these, though I note it offered the same scam warning on the next two payments.

This means that I don't think Monzo could reasonably have prevented Miss B's losses. And as the payments were made to sellers of cryptocurrency who did then provide it, it wouldn't be appropriate for Monzo to have tried to recover the funds.

I invited comments from both parties. Monzo had nothing further to add. But Miss B, via her representative, felt that Monzo should have been on the lookout for this scam type, given its prevalence. She believes it should have had appropriate systems for making checks and delivering specific warnings before processing payments. And she feels that, had Monzo intervened and questioned her, the scam would have been exposed.

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've carefully considered the points Miss B made in her appeal. Having done so, while I know it will come as a disappointment to her, I still don't uphold this complaint.

As above, and with consideration to the relevant rules, codes, and best practice standards at that time, I would have expected Monzo to have provided a tailored written warning. This warning should have been relevant to cryptocurrency scams – as the payment was made to a cryptocurrency exchange. I recognise Miss B thinks that Monzo should have gone beyond a tailored written warning, but I disagree – I'm satisfied this would have been a proportionate response given factors such as the amount involved.

While a warning was provided, I've already expressed that I'm not persuaded this was sufficient. But that's not the end of the matter. Causation is a critical factor in every scam case. It isn't enough that payment service provider – in this case, Monzo – may have failed

to act fairly or reasonably; its acts or omissions must be the immediate and effective cause of losses that were reasonably foreseeable at the time of the breach. Where that isn't the case, the payment service provider might not be liable.

I explained in my provisional decision that I'm not persuaded a written warning about cryptocurrency investment scams – which is all I would have expected Monzo to have provided in the circumstances of this specific case – would have made a difference to Miss B's decision-making. As previously mentioned, I think it's more likely than not that Miss B would have seen a warning about investment scams involving cryptocurrency and disregarded it as not being relevant to her situation, since she wasn't making an investment.

I'm satisfied I've taken all the facts, evidence, and arguments before me into consideration in reaching the outcome that I have.

In summary, I'm not persuaded that any failure on Monzo's part – in this case, a sufficient tailored written warning – is the cause of Miss B's loss. I'm sorry she's been the victim of a cruel scam. But, having reconsidered the matter very carefully, for the reasons given, it wouldn't be fair to hold Monzo responsible for her loss.

My final decision

For the reasons given above, and in my provisional 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 Miss B to accept or reject my decision before 26 September 2024.

Melanie Roberts
Ombudsman