

Complaint

Miss L is unhappy that Monzo Bank Ltd didn't reimburse her after she told it she'd fallen victim to a scam.

Background

The background to this case is well known to the parties, so I don't intend to set it out in full. The following is a summary of the key facts.

In late 2023, Miss L fell victim to a romance scam. She had met a man on an online dating platform, and as they communicated, a relationship developed between them. He told Miss L that he lived locally to her but was overseas at the time. He said he would be returning to the UK shortly.

Over the following weeks, Miss L made several payments to him, believing his claims that he needed financial assistance. One of these payments for £6,000 was supposedly to cover court fees that he said were necessary for him to re-enter the UK. The payments were as follows:

1	15 October 2023	£300
2	30 October 2023	£6,000
3	30 October 2023	£864
4	3 November 2023	£100
5	7 November 2023	£70
6	8 November 2023	£60
7	12 November 2023	£20
8	17 November 2023	£65
9	19 November 2023	£82

Once she realised she had been scammed, she reported the matter to Monzo. The bank declined to refund her. Miss L wasn't happy with that response and so she referred her complaint to this service. One of our Investigators considered the complaint and upheld it in part. Monzo disagreed with the Investigators opinion, so the complaint has been passed to me to make a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises, in line with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the matter. Good industry practice required Monzo to be alert to unusual or out-of-character payments that might indicate a fraud risk. If it identified such a payment, I'd expect it to take reasonable steps to protect its customer. This could include providing a warning as part of the payment process or contacting the customer to discuss the payment in more detail.

The Investigator concluded that Monzo should have intervened when Miss L attempted to make the £6,000 payment on 30 October 2023. I'd agree with that conclusion. I accept that this wasn't her main account and so it wouldn't have had a comprehensive set of data on her payment behaviour to enable it to determine whether that individual payment was out of character. Nonetheless, it was a significant sum that warranted further scrutiny. While it wasn't to a new payee, the earlier payment of £300 was relatively modest, so Monzo couldn't have drawn much comfort from that. The £6,000 was the largest payment Miss L had ever made, except for payments to other accounts in her own name.

I don't think Monzo should have processed the payment without first contacting Miss L to understand the circumstances. If it had done so, I think it's more likely than not that the scam would have come to light. I have no reason to think Miss L wouldn't have been open and honest in answering the bank's questions. Monzo could have uncovered that she believed she was paying court fees and the circumstances under which the request had been made. It could then have warned her about the risks posed by romance scams and recommended she take further steps to clarify what the purpose of that £6,000 payment was. Since there was no legitimate reason for her contact to need the money, I think this would have prevented her from making this and subsequent payments.

However, I also need to consider whether Miss L bears some responsibility for her losses. In considering that, I've considered what the law says about contributory negligence while keeping mind the fact that I need to decide this complaint based on what I consider to be fair and reasonable in all the circumstances. Having done so, I do think it's reasonable for a deduction to be applied to the redress Monzo is required to pay. I accept that Miss L sincerely believed that these requests were genuine ones, but I'm not convinced that her belief was a reasonable one. I think she ought to have questioned why her contact needed money for court fees or at least considered the wider circumstances.

I can also see that she made a payment apparently intended to help him pay his employees, even though she didn't know anything about his line of work. I think she should have questioned these requests more than she did before going ahead with the payments. Ultimately, I believe she made these payments in hope rather than expectation. I don't say any of this to downplay the fact that she's the victim of a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. Nonetheless, I'm satisfied that this is a fair and reasonable way to resolve this complaint.

Final decision

For the reasons I've explained above, I uphold this complaint in part.

If Miss L accepts my final decision, Monzo Bank Ltd needs to refund 50% of payments 2 to 9 in the table above. It should also add 8% simple interest per annum to those payments calculated to run from the date they left Miss L's account until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 11 April 2025.

James Kimmitt
Ombudsman