

The complaint

Mr R has complained Monzo Bank Ltd did nothing to help when he ended up paying a fraudster for a holiday.

What happened

At the end of 2023 into 2024, Mr R was the victim of a scam. He was looking to book an overseas holiday and googled to find his normal travel agent. He ended up using a link which he felt was bona fide. Further communication was completed over WhatsApp.

Mr R made an initial payment of over £2,250 using another account he held but then made three other payments using his Monzo debit card in January and February 2024. These were for £915.07, £1,607.99 and £972.99.

As he was making the last payment, Mr R was told by the fraudster that they'd not received the payment. He got in touch with Monzo to ask why the payment hadn't been made. Four days later Monzo was able to confirm the payment had been made.

Within a short period, Mr R found out he'd been the victim of a scam and asked Monzo if they'd refund him.

Monzo felt these transactions had been properly authorised by Mr R. They said there were no grounds for them to refund him.

Mr R brought his complaint to the ombudsman service. Our investigator noted that Monzo had provided no evidence to show whether they'd issued any alerts to Mr R. Particularly at the time Mr R was querying whether the payment had been made. She believed that Monzo could have done more and asked Monzo to refund half of the two later payments, along with 8% simple interest.

Monzo disagreed with this outcome and have asked an ombudsman to consider Mr R's complaint.

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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Mr R was cruelly scammed as he was trying to book a holiday. The other bank involved in the first transaction he made has refunded Mr R in full.

There's no dispute that Mr R made and authorised the three transactions. Mr R believed he

was paying a specific travel agent for flights and holiday that he was looking to take with his family.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Monzo has an obligation to follow Mr R's instructions. So in the first instance Mr R is presumed liable for his loss. But that's not the end of the story.

Our starting point is that banks are required to follow their customer's instructions. But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable by 2024 that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I'm satisfied that Monzo ought to have recognised that these payments carried a heightened risk of financial harm from fraud. I say this because from reviewing Mr R's Monzo statement, I can see that his use of his Monzo account was pretty modest. He used the account only for small everyday expenses with just one transaction being for more than £200 in the previous year.

Mr R had then paid in a large amount and within a day spent all of those additional funds. Despite it being unlikely to expect Monzo to predict the exact type of fraud Mr R had fallen prey to, this looks very much like the behaviour of someone who's been subject to a scam.

Regardless of what Monzo has said and having reviewed the facts around the two latter payments, I'd have expected them to have intervened by at least showing a warning.

It's clear by the WhatsApp correspondence between Mr R and the fraudster that Mr R was put under some pressure. But when Mr R contacted Monzo to query whether the payment had been successfully made, no concern was shown by Monzo. I can see no attempt to find out what Mr R was really trying to find out.

After Mr R complained, Monzo got to the bottom of what happened. There's nothing to show they couldn't have done this earlier. Like our investigator, I think Monzo could have done

more at the time the second payment was being made, and if they'd done so, then Mr R wouldn't have lost so much money.

In disagreeing with our investigator's view, Monzo pointed out their requirements under the PSRs to execute payments. I draw their attention to what I've written above about the obligations, practices and codes that I believe Monzo should also have taken into account.

Putting things right

Mr R's actions also contributed to what happened. He made the two payments in February despite being able to note that the payment in January, as well as the payment made from his other bank account had all gone to a recipient he didn't recognise. Mr R could have done more to query what was going on and for this, I think it's fair he pays for half of his losses.

However, this means that I will be instructing Monzo to pay half of £2,580.98. These are Mr R's losses which I believe could have been avoided. 8% simple interest will also need to be added.

My final decision

For the reasons given, my final decision is to instruct Monzo Bank Ltd to:

- refund half of £2,580.98 being Mr R's losses from the two latter payments; and
- add 8% simple interest from the date of Mr R's loss to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 November 2024.

Sandra Quinn
Ombudsman