

## The complaint

Mr L has complained about Monzo Bank Ltd not refunding several payments he says he made and lost to a scam.

## What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr L fell victim to a fake job scam after he was contacted on a messaging app by a scammer. He says he was told he would be paid for completing a number of tasks, but he would also have to pay in funds to the task platform periodically, using cryptocurrency via an exchange, to unlock more tasks and receive payment. After creating an account, he received a payment of 100 USDT and then again the following day. This led him to believe this was a legitimate job opportunity. Mr L realised he had been scammed when he did not receive his "earnings", had no further contact and was unable to log into the platform.

Mr L's relevant transaction history is as follows:

Transaction	Date	Type of Transaction	Amount
1	7 December 2023	Card payment to cryptocurrency exchange	£0.08
	7 December 2023	Payment from cryptocurrency exchange	£0.08
2	10 December 2023	Card payment to cryptocurrency exchange	£1,198.39
3	11 December 2023	Card payment to cryptocurrency exchange	£4,181.59
4	14 December 2023	Card payment to cryptocurrency exchange	£5,099.50
5	15 December 2023	Card payment to cryptocurrency exchange	£5,099.50
6	17 December 2023	Card payment to cryptocurrency exchange	£4,094.90
7	18 December 2023	Card payment to cryptocurrency exchange	£7,343.28
8	18 December 2023	Card payment to cryptocurrency exchange	£815.92

Our Investigator didn't uphold the complaint as, although he thought Monzo ought to have been aware of potential financial harm to Mr L, he wasn't persuaded that Monzo could have prevented the loss had they intervened earlier than they did. This was because when Monzo did intervene Mr L provided inaccurate information, informing it the funds were for friends and family and not for his new job.

As our Investigator couldn't resolve the matter informally the case has been passed to me for a final decision.

## **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 aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Although Mr L has provided little evidence about the scam itself, I have proceeded with the information I do hold. However, just because a scam has occurred, it does not mean he is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Mr L for his loss (or a proportion of it) if: I thought Monzo reasonably ought to have prevented all (or some of) the payments Mr L made, or Monzo hindered the recovery of the payments Mr L made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Monzo treated Mr L fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr L's complaint. I know this will come as a disappointment to him and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr L made the payments himself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr L did not intend for his money to ultimately go to a scammer – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - 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 payment service providers 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

So, I've thought about whether the transactions should have highlighted to Monzo that Mr L might be at a heightened risk of financial harm due to fraud or a scam.

Monzo should have identified when Mr L's payments were going to a cryptocurrency exchange as the merchant is well-known. However, that doesn't mean they *all* should automatically be treated as suspicious; particularly when there are no other concerning factors about the payments. Many banks have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges. Albeit investing in cryptocurrency is a highly risky endeavour, it is ultimately a legitimate one and so certain banks and Electronic Money Institutions (EMI) do permit transfers to cryptocurrency exchanges. I've also kept in mind one of the reasons Mr L put when opening this account was to use it for cryptocurrency.

I've considered the payments in the context of whether they were unusual or uncharacteristic of how Mr L normally used his account. Having done so, the values of payments 1 and 2 were not remarkable enough to have caused Monzo any concern. These transactions didn't leave Mr L's account at particularly unusual balance levels and his account statements show he'd often transferred funds in and then back out again on the same day. I do not consider enough of a pattern formed here to suggest Mr L might be at a heightened risk of financial harm due to fraud or a scam. So, I'm not persuaded Monzo reasonably ought to have been concerned here.

However, I agree with our Investigator that Monzo ought to have intervened when Mr L attempted payment 3. This payment was of a significantly higher amount, which was out of character for Mr L's account, to a cryptocurrency exchange. Monzo should have asked a series of question to try to understand more about the payment and then given a tailored warning narrowed down to the specific type of scam Mr L could've been falling victim to. This type of scam was well-known and so Monzo should have been monitoring Mr L's account for such a risk. But I'm not persuaded that would have prevented his loss.

This is because when Monzo did intervene on 15 December, not permitting a transfer to take place immediately after payment 5 was made, Mr L did not share accurate information. He was quick to inform Monzo his transfer was not a scam and he was sending money to his own account. When questioned, he informed it he was completing this transfer 'for future expenses firstly to send money back home to my parents... and easy transfer to friends and other relatives'.

Monzo seemingly had concerns about this answer, so asked Mr L for further information to support this. I'm also conscious Monzo did warn Mr L about some factors relevant to his scam, such as scammers directing individuals to give false reasons for payments and sought Mr L's confirmation he understood this. Mr L sent the requested screenshots of his other account but was not openly forthcoming with his responses which would have allowed Monzo an opportunity to uncover the scam. To add to the plausibility of what he was doing, no doubt attempting to alleviate any concerns, he explained the receiving EMI did not offer accounts to residents in his home country so he could only be sending the funds to his own account.

It is common for scammers to coach individuals on how to respond if questioned. This is most likely why Mr L was not forthcoming with his responses, instead choosing to mislead Monzo. It seems very unlikely Mr L would have chosen to do so without any type of coaching, because he genuinely believed this to be a real job opportunity. Without the scam chat, I can think of no other reason for him to not have been open and honest.

This is a strong indication that Mr L would not have acted any differently during an intervention warning at payment 3, or those shortly after, when sending money to the

cryptocurrency exchange. Therefore, I'm not persuaded Monzo would have been able to uncover the scam and prevent his losses.

When considering Mr L's subsequent payments, I do agree that Monzo ought to have been concerned with his transfer attempt on 15 December. Therefore, its intervention at this time was reasonable. Over the proceeding days Mr L had deposited and then made progressively larger payments to the cryptocurrency exchange, as well as £5,099.50 (payment 5) that day. I've kept in mind Mr L's points that he took loans to fund these deposits. Although Monzo would not have known these funds came from loans, as they were first deposited elsewhere, the increasing deposit and payment amounts should have been a red flag that he may be at risk of financial harm. However, as I've explained above, although Monzo took reasonable steps here to protect Mr L, he chose not to share accurate information which prevented it being able to uncover the scam.

Similarly, following this intervention, I don't think any further interventions would have prevented Mr L's losses occurring. I say this because I've not seen any evidence that Mr L's behaviour had changed, or that anything had occurred to show the influence the scammer had over him was waning, as the scam progressed.

I've noted Mr L has referenced decisions that he believes are close to his circumstances. However, we consider each case on its own individual merits and although he believes the circumstances of other decisions seem to be similar, there are key differences.

Whilst Mr L has undoubtedly been the victim of a cruel scam, I can only uphold his complaint if I'm satisfied Monzo's failing to intervene earlier made a material difference to what happened. Ultimately, for the reasons given, I'm not persuaded it did.

### Recovery

The only method of recovery Monzo has for payments made by card is to request a chargeback. However, Mr L didn't make the card payments to the scammer directly, he paid a cryptocurrency exchange. The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Mr L's payments into cryptocurrency. If these funds had not already been transferred to the scammer, they would be in his control to access as and when he chose. The fact that the cryptocurrency was later transferred to the scammer doesn't give rise to a valid chargeback claim against the merchant Mr L paid. Therefore, I won't be asking Monzo to do anything further.

### The Contingent Reimbursement Model Code

Although Monzo has not signed up to the Contingent Reimbursement Model Code, it has committed to apply the Code to payments made on or after 28 May 2019. However, the Code does not apply to card payments. Therefore, I cannot fairly and reasonably say that Monzo should have to refund payments under the Code when it doesn't apply here.

So, in light of all of the above findings, there's no fair and reasonable basis under which I can ask Monzo Bank Ltd to reimburse Mr L's loss.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 April 2025.

Lawrence Keath  
**Ombudsman**