

The complaint

Mr H complains that Monzo bank Ltd won't refund the money he lost after falling victim to a scam.

Mr H is represented in this complaint by a solicitor, but for simplicity I will refer to Mr H throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

In July 2023, Mr H was contacted by someone who said they worked for a recruitment agency and could offer him a job opportunity. Mr H had been looking for work and so was not surprised by this contact. He was told the job involved him completing tasks to promote online items. I'll refer to the company Mr H believed he was working for as N. Mr H was told he could earn more if he deposited his own funds (in cryptocurrency) to unlock additional tasks. Mr H agreed to take on the role, and initially was completing tasks funded by N. But then agreed to make payments into the scheme so he could earn more. Unfortunately, and unknown to Mr H, this was not a legitimate job opportunity, he was the victim of a scam.

Mr H initially made 14 payments from an account he held with another bank, to buy cryptocurrency from various cryptocurrency exchanges, the cryptocurrency was then passed on to the scammers. When that bank began to apply significant friction to the payments Mr H was making, he began to instead make payments to the scam from his Monzo account. Ultimately, he made seven successful payments to various cryptocurrency exchanges from his Monzo account over around a month. Mr H does appear to have received some returns, but says he realised that the job was a scam when he was told he'd have to pay fees to withdraw his profits, and when N then stopped responding to his attempts at contact.

Mr H contacted Monzo about the scam payments, and it looked into what had happened. But Monzo did not consider that it was responsible for refunding any of Mr H's loss as the payments had been made to cryptocurrency accounts in his own name.

Mr H wasn't happy with Monzo's response, so he brought a complaint to our service. An investigator looked into Mr H's complaint but didn't uphold it. The investigator did not consider that Monzo should be held liable for Mr H's loss.

Mr H disagreed with the investigator's opinion, so as no agreement could be reached this case has now been passed to me for a 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.

Having done so, I've reached the same overall outcome as the investigator, I'll explain why.

It's not disputed that Mr H authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place

here) that means Mr H is responsible for them. That remains the case even though Mr H was the unfortunate victim of a scam. And, as these payments were made to cryptocurrency accounts in Mr H's name, the Contingent Reimbursement Model Code also does not apply here.

Because of this, Mr H is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr H, or whether it should have done more than it did.

In this case, I consider that, at least by the time of the third successful payment to the scam, Monzo should have taken steps to ensure that Mr H was not at risk of financial harm. I say this because this was the third successful payment to a new payee associated with cryptocurrency in a relatively short period of time.

I can't see that Monzo did take any steps to intervene in the payments. And I think that it would have been appropriate for Monzo to have tried to identify why Mr H was making these payments and then provide appropriate warnings (or further intervention) based on what it was told. However, with all I've seen about the interactions Mr H had with his other bank prior to the payments from his Monzo account, I'm satisfied that any reasonable intervention from Monzo would not have stopped Mr H from proceeding with the payments.

I say this because Mr H not appear to have been honest with his other bank about what he was making the payments for. During his conversations with his other bank Mr H said he was investing in cryptocurrency, that he had been told about the investment by friends and family, and that only he had control of the funds he was investing. He was asked open questions about why he was making payments but does not appear to have indicated at any stage that he was making payments as part of a job. With this in mind, it is difficult to say that Mr H would have been honest with Monzo if it had also questioned him about the payments he was making. And when customers are not honest with banks it makes it very difficult for that bank to provide an appropriate and relevant warning that could stop a scam.

Mr H's representatives have said that the prevalence of job scams means that Monzo should have specifically asked Mr H if he had been asked to make payments as part of a job, but the evidence I have seen suggests that if asked why he was making payments Mr H would have said he was investing, as he did when he was questioned by his other bank. It appears that Mr H was either being instructed to be dishonest by the scammers (something that the written warnings from his other bank told him to be on the lookout for) or he chose to conceal his real reason for the payments himself.

And so I think it is very likely that Mr H would have maintained this story if questioned by Monzo, whether that be via an automated questionnaire or direct contact. And given that Mr H took steps to use a different bank – Monzo – when his other bank made it too difficult for him to make payments to the scam, I think it is more likely than not that Mr H was set on making these payments and that any further intervention would have been unlikely to stop him making payments to the scam.

With this in mind, I don't consider that Monzo missed an opportunity to prevent Mr H's loss.

I've also thought about whether Monzo did all it could to try to recover Mr H's funds when he told it of the scam. But given that the payments Mr H made were to purchase cryptocurrency directly, I don't consider there is anything Monzo could have done to recover those funds.

I'm sorry to disappoint Mr H as I know that he has lost a significant amount of money. But, overall, I'm satisfied that any reasonable, proportionate intervention from Monzo would not have prevented Mr H from making further payments to the scam. It follows that I don't think Monzo is liable for his loss and won't be asking it to refund any of his losses to him.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2025.

Sophie Mitchell
Ombudsman