

The complaint

Mrs M has complained that Monzo Bank Ltd (“Monzo”) failed to prevent her from an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mrs M has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Mrs M, but I’d like to reassure Mrs M and her representative that I’ve considered everything both parties have said.

Between July 2021 and February 2022 Mrs M made several payments to a cryptocurrency exchange. The funds were then forwarded on from the cryptocurrency exchange to another company which she says is now widely accepted to be fraudulent.

The payments Mrs M made in relation to the scam were as follows:

Date	Amount (£)
08/07/2021	10
08/07/2021	3,000
08/07/2021	400
02/08/2021	400
08/09/2021	700
09/09/2021	230
30/10/2021	240
01/11/2021	230
04/11/2021	240
12/11/2021	230
18/11/2021	230
18/11/2021	235
27/11/2021	3,350
27/11/2021	3,225
07/02/2022	2,250
Total	14,970

Mrs M made a complaint to Monzo. She alleged that Monzo had failed in its duty to protect her from Authorised Push Payment (APP) scams. She said that any warnings Monzo showed her in relation to the payments were no effective, and she also said that as she was an inexperienced investor she should’ve been considered vulnerable. Monzo didn’t respond to Mrs M’s complaint within the permitted timeframe, so Mrs M referred it to this service.

Our investigator considered everything and didn’t think the complaint should be upheld. She explained she didn’t think the payments in question were particularly out of line for Mrs M’s

usual account behaviour. And she also didn't think Monzo missed the chance to spot the scam, as she said the pattern of payments wasn't typical of a scam.

Mrs M didn't accept the investigator's opinion so the case has been passed to me to make 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.

I'm sorry to disappoint Mrs M but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mrs M authorised these payments from leaving her account. It's accepted by all parties that Mrs M gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mrs M's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I've seen evidence from Monzo that when Mrs M initially set up the payee she was shown a "confirmation of Payee" warning – warning that the payee's account didn't support the "Confirmation of Payee" scheme. She was then shown a generic scam warning, warning her against the likes of "safe account" scams, and not to proceed if "the offer sounded too good to be true", "you haven't double checked who you're paying" and "you were told to ignore warnings like this".

Given the low value of the first payment, I wouldn't have expected Monzo to do any more here, and as Mrs M accepted that she'd read the warning, the payee was created, and the payment was sent.

When Mrs M made the second payment, for the much larger amount of £3,000, Monzo's provided an audit trail showing that it firstly asked her for the purpose of the payment. After she'd answered this question, she was shown to a bold red screen showing a warning triangle, and the wording "Stop, don't pay". Although I don't know specifically what Mrs M selected as the purpose of the payment, Monzo then showed her a tailored warning screen based on what Mrs M told it. I didn't feel it was worthwhile delaying my decision by requesting further information from Monzo about this, as Monzo has sent examples of all of the warnings it could've shown at this stage and I'm satisfied they were all clear and relevant to the corresponding purpose of payment, regardless which one was chosen. This screen also states that it's almost impossible to recover any funds lost to a scam.

After viewing this screen Mrs M was required to tick to acknowledge the warning, and she was then presented with two options – a prominent blue button with the option to "Stop and report" the payment, and a less prominent button with red text, giving the option to "Confirm payment". Mrs M acknowledged the scam warning and confirmed she wished to make the payment.

In my view the warning screen Monzo showed to Mrs M went far enough to give a clear and specific message about the risks posed by the payment she made. It was relevant to the payment reason Mrs M selected, and the design was bold and uncomplicated. With this in mind I think it's fair to say it would be difficult to ignore, or to disregard, the warnings as an unimportant message. As Mrs M acknowledged the warning and chose to proceed, I don't hold Monzo responsible for the losses that followed.

Monzo has confirmed that it didn't show any further scam warnings for the remaining payments. Although I think our investigator's point that Monzo should've shown a warning when Mrs M sent the second payment on 27/11/2021 is completely reasonable, in these circumstances, I think the fact that Monzo didn't do that is acceptable.

By the third payment there's an argument to say that the payee had become trusted, and the majority of the remaining payments were smaller than the initial £3,000 that was sent when the initial scam warning was triggered. Additionally, the payments were sent over a number of months and the values were relatively small. None of these characteristics are typical of a scam, so I don't think Monzo missed the chance to intervene again, following its initial intervention. I do agree that the cumulative value sent on 27/11/2021 was much higher than £3,000, but as these two payments were the 13th and 14th payments that Mrs M had sent to this payee, I don't think Monzo should've been suspicious that something might've been amiss at that stage.

It's also relevant that it appears Mrs M sent the funds from Monzo to an account she held in her own name with a cryptocurrency exchange. It was from the cryptocurrency exchange that she forwarded the funds to what she says was a scammer, so the loss would've been at that point, not when the funds left Monzo. Although our investigator requested it, Mrs M hasn't provided any persuasive information or evidence that she was in fact scammed, but she may wish to contact the cryptocurrency exchange if she still believes she was.

Recovery of the funds

As the scam wasn't reported to Monzo until over two years after it happened, Monzo made the decision not to contact the receiving bank, as it was highly unlikely that any of the funds remained in the recipients' account. I think that's reasonable, so I don't think Monzo ought to have done anything else here.

I'm very sorry about what's happened to Mrs M and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Monzo responsible for that.

My final decision

I don't uphold Mrs M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 October 2024.

Sam Wade
Ombudsman