

The complaint

Mr P complains that Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP) scam.

What happened

The background to this complaint is well known to both parties so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around December 2022, Mr P came across a job opportunity. He was told the job involved reviewing apps, for which he would earn commission. Believing everything to be genuine Mr P proceeded, but unknown to him at the time, he had been contacted by fraudsters. The fraudsters then persuaded Mr P to pay his own money in order to proceed with the work.

Mr P made payments to a third-party cryptocurrency platform. His payments were then converted into cryptocurrency which he then transferred into the control of the fraudsters. He used his Monzo card to make the following payments;

9 December 2022	@ 18:20	£1,000
9 December 2022	@ 19:04	£1,000
16 December 2022	@ 19:37	£2,248
19 December 2022	@ 12:10	£4,467

Mr P realised he'd been scammed when he was asked to pay larger sums and he was unable to withdraw money he'd already deposited.

Mr P raised a fraud claim with Monzo, but it didn't agree to reimburse him. In summary, Monzo said this was because it didn't think Mr P had taken enough steps to check who he was paying. It added that it didn't think the payments were outside Mr P's spending pattern and that previous payments showed that Mr P did have an interest in cryptocurrency. Alongside this Monzo said that as the payments had been sent to an account in Mr P's name, that he controlled, the point of loss was not with Monzo.

Unhappy with Monzo's response, Mr P brought his complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, our Investigator thought Monzo ought to have recognised that Mr P could be at a heightened risk of financial harm when he made the fourth payment, for £4,467. Our Investigator thought Monzo should have intervened at this point and had it of done, and warned Mr P, it would have made a difference and Mr P wouldn't have gone ahead with the payment.

But our Investigator also thought Mr P should bear some responsibility for his loss. In summary this was because she thought there was enough going on that ought to have led him to have some concerns about the legitimacy of the job. Overall, our Investigator thought Monzo should refund Mr P half the value of this final payment, along with interest.

Mr P accepted our Investigator's view. But Monzo didn't agree. As agreement couldn't be reached, the complaint 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.

It isn't in dispute that Mr P authorised the payments he made to the scammers. And the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made. There are though some circumstances in which a bank may still be reasonably expected to reimburse a customer for payments made to a scam.

As noted by our Investigator, these payments are not covered by the Contingent Reimbursement Model (CRM Code), so Mr P is not entitled to reimbursement under that code. However, I've considered whether Monzo should have done more to prevent Mr P from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character.

I'm persuaded Monzo ought to have intervened in the payments being made by Mr P and that the point at which Monzo ought to have stepped in is payment four. By this point Mr P was making the fourth payment, within the space of ten days, for amounts that were starting to significantly increase in value both separately and cumulatively.

They were also going to a cryptocurrency platform. And while Monzo has pointed out that Mr P had made payment to Cryptocurrency previously – they were for amounts not near the value being paid here. At the point Mr P was making this fourth payment a pattern had emerged that represented a heightened risk and I'm satisfied the payments by this time, represented a significant departure from how Mr P typically operated his account.

It follows that Monzo ought to have stepped in at this point. The intervention from Monzo ought to have involved questioning to help identify the purpose of payment and type of scam Mr P may have been at risk of. At the time these payments were made Monzo ought fairly and reasonably to have been aware of cryptocurrency scams and, more specifically, job/task scams that often rely on the use of cryptocurrency wallets.

Had such an intervention occurred, with proportionate questioning, I'm persuaded it's more likely than not Mr P would have explained to Monzo what he was doing and why. That would then have clearly revealed the scam to Monzo who could in turn have prevented Mr P from proceeding. There's no evidence to suggest he wouldn't have been honest with Monzo or wouldn't have heeded its warnings. It is the case that Mr P's loss was both reasonably foreseeable to Monzo and that it could have been prevented, even though the funds were ultimately lost from the cryptocurrency wallets.

Monzo has argued that the payments from Mr P's Monzo account were made to another account in his name, so it cannot be considered the point of loss and so it cannot be held liable. But as Monzo ought to be aware and as has been set out in previous decisions from this service to Monzo, the potential for multi-stage scams ought to have been well known to it at the time. And as a matter of good practice Monzo should fairly and reasonably have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

And so all things considered, I'm persuaded it is fair and reasonable that Monzo, at least in part, bears some responsibility for Mr P's loss.

Did Mr P act reasonably in the circumstances?

Mr P has already accepted our Investigator's findings on this point, where she said Mr P ought to bear some responsibility for his loss. And Monzo has argued the same since it first responded to Mr P's complaint. And so there is no outstanding dispute here. I won't then go on to give detailed findings on the point. It's enough to say that I'm in agreement that Mr P ought to have questioned what he was being told and to have been suspicious of what was on offer. And so it's fair and reasonable for him to bear some responsibility for his losses.

Recovering Mr P's money from the recipient accounts

I've also thought about whether Monzo could have done more to attempt to recover the payments after Mr P reported the fraud. However, as part of the scam, the funds were forwarded on to the fraudsters from the crypto exchanges to which they were sent. So once Mr P had done that, which it seems he did so as soon as the money reached his crypto wallet, there was then no money to recover.

I also don't consider Monzo ought to have attempted a chargeback claim, as Mr P made payments to get crypto and he seems to have received this before he forwarded it on to the fraudster. He therefore would have received the service and there wouldn't have been a reasonable prospect of success with a chargeback claim.

Putting things right

For the reasons given above, I uphold this complaint in part and direct Monzo Bank Ltd to:

- Refund Mr P £2,233.50 (being 50% of the fourth payment of £4,467).
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.

My final decision

My final decision is that I uphold this complaint in part and direct Monzo Bank Ltd to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 November 2024.

Stephen Wise
Ombudsman