

The complaint

Miss R complains that Monzo Bank Ltd hasn't refunded her after she made payments to what now turns out to have been a scam employment opportunity.

What happened

Miss R found a job advertised through a well-known recruitment platform. She made contact with the employer through WhatsApp. Miss R explains that the job was working from home and it involved posting online reviews for products that were being advertised for sale.

Miss R says after she'd started work for this employer, she was credited for the time she'd spent in training. But then the employer told her that her employment account had a negative balance. She was told she'd need to send funds to clear this negative balance.

Miss R explains that the employer asked her to set up accounts with two money remittance services. The employer instructed her to make payments from Monzo to her money remittance service accounts then transfer onwards to several accounts she was instructed to pay. She was told this would clear her negative balance and enable her to be paid.

Miss R made a series of card payments to her money remittance accounts. The first of these was for £49 on 1 April 2024. The following day, she sent two further payments totalling nearly £600.

Miss R attempted to raise a payment dispute with Monzo about the two payments she made on 2 April. Monzo's chat history shows it responded, asking Miss R to provide information about the nature of the issue and any correspondence from the merchant in order that it could create a dispute. There was no response from Miss R, so no dispute was created.

Miss R was told by the employer she needed to pay more. She says she didn't have sufficient funds until she received pay from her other employment. So there was a gap until the next payment Miss R made. She made the next payment, of £1102.99, on 11 April.

The same day a payment was attempted by Faster Payments, but Monzo explains this was returned by the receiving bank and recredited to Miss R's account. This is confirmed by the screenshot Miss R has provided showing the debit and credit from this payee for exactly the same amounts. There was therefore no net loss to this payee – Miss R received back the amount she'd paid.

Miss R then paid the same amount by card payment to a second money remittance service – a payment for the sum of £1,355 on 12 April. This was the final and largest payment Miss R had made as a result of the scam.

Miss R says she was then told by the employer that a further negative balance had arisen on her employment account. She'd need to pay a larger sum and was threatened with legal action if she didn't. At this point, Miss R realised that the employer wasn't legitimate and that she'd lost the money she'd paid.

Miss R reported the matter to the Police and Action Fraud. Ultimately, the employer's advert has been taken down, and the website Miss R had been directed to has been closed down.

She reported the scam to Monzo on 12 April. Monzo looked into the payments Miss R had made. But it said it wasn't responsible for refunding the money Miss R had lost to the scam.

Miss R had authorised the payments albeit in the belief at the time they were for a legitimate purpose. The merchants she'd paid were legitimate money transfer firms which had provided the service she'd paid them for – the payments she sent from Monzo had credited accounts Miss R had created with those merchants. Monzo accepted it hadn't handled Miss R's scam report promptly, and paid her £125 compensation for this.

Miss R didn't accept this outcome. She was also unhappy with the length of time it had taken Monzo to look into her claim. She referred her complaint about Monzo to the Financial Ombudsman Service for an impartial review.

Our Investigator looked into everything that had happened. She clarified with Miss R the circumstances around the payments and which payments were involved in the scam. But the Investigator thought Monzo had treated Miss R fairly. She didn't think a chargeback attempt would have succeeded given the money remittance firms had delivered the service they were paid for. And she didn't think Monzo could have identified what was happening sooner, because the transactions weren't so unusual that it ought to have blocked them or intervened at the time. The Investigator thought Monzo's offer of £125 for the delays was a fair sum in the circumstances. She didn't think Monzo needed to do more than it had done.

Miss R was disappointed with the Investigator's findings. I've therefore been asked to review her complaint afresh and reach 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 have considerable sympathy for Miss R and what has happened to her. She was the victim of a cruel and cynical scam. This was a crime, and Miss R is the innocent victim, losing a significant sum of money. She has detailed the circumstances she was in at the time of the crime, and the considerable impact it subsequently had on her. I do not underestimate this and have taken everything she's explained into account.

However, while I have natural sympathy for Miss R in what happened, I have to recognise that the principal cause of her losses here were the criminal scammers. I cannot hold Monzo liable for the resulting financial losses unless I find Monzo was somehow at fault in what happened and that the loss was a consequence of that fault.

The payments under dispute were made between 1 April and 12 April 2024, varying in size from £49 to £1,355. These were card payments to money remittance accounts held by Miss R (who'd been told to set these accounts up by the scammers).

In some circumstances card payments can be disputed through the chargeback process. Monzo did not pursue a chargeback in relation to Miss R's payments. I've considered whether it was at fault in not submitting a chargeback attempt.

By way of background, the chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the

cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Miss R was dealing with a supposed employer, which was the source of the scam here. But Miss R's card payments from Monzo weren't made to the employer directly. The payments she made from Monzo went initially to accounts in her name which she held with two money remittance providers. This is important because Monzo could only process chargeback claims against the merchants she paid (the money remittance firms), not another party (such as the supposed employer).

The service provided by those two money remittance firms would have been to credit Miss R's account (or wallet) held at those firms. Those firms appear to have provided the service that was requested – the credit of Miss R's account. She then sent the funds onwards to the destinations instructed by the scammer. However, the fact that the funds were later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against either of the merchants Miss R's payments were made to from Monzo.

As those merchants provided the requested service to her, any chargeback attempt would likely fail. I wouldn't expect Monzo to pursue a chargeback where there wasn't a reasonable prospect of it succeeding. I don't think there was a reasonable prospect of success here. So, I do not find Monzo was at fault through not submitting a chargeback.

Miss R has accepted she authorised the payments she made to these two merchants. The starting point as a result is that Miss R is responsible for the payments she instructed Monzo to make. However, banks and other Payment Services Providers (PSPs) should undertake due diligence on large transactions to guard against money laundering and I'd expect them as a matter of good industry practice to look out for transactions that might be associated with fraud or scams.

The question here is whether Monzo should have been aware of the scam and stepped in to prevent any of the payments Miss R was making.

Although the payments Miss R made from Monzo were going to merchants she hadn't paid previously, and she didn't usually make this size of payment from her Monzo accounts, the value of the payments was nevertheless relatively low, and they were going to legitimate financial businesses. I don't think it would be reasonable for me to suggest that Monzo's fraud prevention systems should be triggered every time a customer makes a larger than normal payment to a new legitimate payee. Especially when the bank can see the merchant is a legitimate business and the payment amount is relatively low.

Overall, having considered the payments Miss R made in relation to this scam I don't think Monzo was at fault for these payments failing to trigger its fraud prevention systems. I say that taking everything into account around these payments including the wider circumstances, the other events at the time, Miss R's prior usage of the account and what I consider to have been good industry practice at the time. With all of that in mind, I don't think Monzo missed an opportunity to step in and prevent the scam, and so it's not responsible for Miss R's loss.

Miss R has explained about the impact of the scam on her. Of course the majority of the impact of this crime on Miss R resulted from the criminal scammers who cruelly deceived her. I have no power to make an award for the impact of that crime - I do not find Monzo could have reasonably prevented it. But I can consider the impact of Monzo's subsequent

handling of Miss R's claim and complaint. I have carefully reviewed what Miss R has said about this and the impact it had on her. Monzo has offered Miss R a total sum of £125 for what it accepts was poor customer service. In the circumstances I consider that is in line with the level of award I would likely have made, and is fair. I do not require Monzo to do more.

To reiterate, I am extremely sorry to hear about what happened to Miss R here. She has lost out to a criminal scammer through no obvious fault of her own. But I do not find Monzo could have prevented her loss or would have been able to recover the funds she paid out. All considered that means I can't fairly ask the bank to refund Miss R for her losses.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 1 December 2024.

Stephen Dickie
Ombudsman