

The complaint

Ms S complains that Monzo Bank Ltd (Monzo) won't refund money she lost in a job scam.

What happened

What Ms S says:

Ms S was looking for more work while she was on maternity leave – to top up her income. She was contacted by a person who said he was from a recruitment firm – about a job opportunity working from home and with flexible hours.

The job was to complete tasks online – by providing product reviews to make the products appear more appealing. Ms S researched the company itself (which I call 'company A'). There weren't any negative reviews and the website looked professional. She was added to a WhatsApp chat group and went through onboarding and ID checks.

But then what happened was that she was persuaded to send funds the company A as her account with it went negative. And then had to bring it back into credit to continue to earn money. She was also incentivised to send money to take part in 'premium tasks' – which were allegedly going to pay more.

Ms S made the payments top four different crypto wallet providers and from there, the money was paid to the scam company A. **(continued)**

The payments were:

Date	Time	Payment	Amount
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28 October 2023	4.56pm	Debit card to crypto wallet (1)	£28
31 October 2023	1.38pm	Debit card to crypto wallet (2)	£88.52
1 November 2023	12.37pm	Debit card to crypto wallet (3) - declined	(£30)
1 November 2023	12.48pm	Debit card to crypto wallet (3) - declined	(£30)
1 November 2023	1.11pm	Debit card to crypto wallet (3)	£30
1 November 2023	2.10pm	Debit card to crypto wallet (3)	£88.96
2 November 2023	3.26pm	Debit card to crypto wallet (3)	£426.02
3 November 2023	12.45pm	Debit card to crypto wallet (3)	£2,074
3 November 2023	12.59pm	Debit card to crypto wallet (3) - declined	(£371.08)
3 November 2023	1.28pm	Debit card to crypto wallet (3)	£369.36
3 November 2023	1.28pm	Debit card to crypto wallet (3) - reversed	(£369.36)
3 November 2023	1.32pm	Debit card to crypto wallet (3)	£370.87
3 November 2023	1.32pm	Debit card to crypto wallet (3) - reversed	(370.87)
3 November 2023	1.51pm	Debit card to crypto wallet (4)	£381.97
3 November 2023	3.52pm	Debit card to crypto wallet (4)	£3,307.06
3 November 2023	4.00pm	Debit card to crypto wallet (4)	£330.71
3 November 2023	6.28pm	Debit card to crypto wallet (1)	£3,000
Total funds lost			£9,755.24

Ms S realised it was a scam when she tried to make a withdrawal and company A's reps tried to get her to sign up to complete more tasks. And when she tried to make a payment from one of her other bank accounts, that bank blocked it and provided warnings about the scam.

As a result of the scam, Ms S lost a lot of money, at a time when she had a young baby to look after. She also wanted to send money home to her sick mother and couldn't. And - she took out two bank loans (for £3,500 and £3,000); and borrowed £3,500 from her sister. So – she is left with loans to repay as a result of what happened.

Ms S says Monzo should've done more to protect her. She says the bank should refund the money she's lost plus 8% per annum interest.

What Monzo said:

Monzo didn't refund any money. The bank said:

- The payments were properly authorised by Ms S.
- As the payments were to an account in Ms S' name, the Contingent Reimbursement Model (CRM) Code didn't apply.
- The payments weren't out of character.
- There were no grounds to raise a chargeback claim.

Our investigation so far:

Ms S brought her complaint to us. Our investigator upheld it and said Monzo must refund the payments from the one for £381.97 onwards. Before that, the payments were of low value.

But this payment was the third one on the same day, and within an hour of the previous payment for £2,074. There had also been three failed payments on that day, and all were to know crypto wallet providers – and therefore were higher risk payments.

There wasn't any intervention or warnings provided by Monzo – it was reasonable there should've been. The reversed or declined transactions weren't due to Monzo's actions but were technicalities.

She said if Monzo had intervened, the scam would likely have been stopped at that point. She didn't consider Ms S could've done any more to prevent the scam and there shouldn't be a deduction for contributory negligence.

Monzo didn't agree. The bank said they would review and make more comments but nothing was received and so the complaint has come to me to look at.

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 hear that Ms S has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. So although Ms S didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider 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 banks 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 declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Ms S when she made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. Monzo hasn't signed up to the Code, but they follow its principles.

That said, it applies to faster payments made to another UK beneficiary– and in this case, the payments were made by Ms S to her own crypto wallet. So it doesn't apply in this case. I have therefore looked at this complaint using general Authorised Push Payment considerations.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Ms S normally used her account – then we would expect Monzo to have intervened and spoken to (or contacted) her about what was going on. I looked at Ms S' account - and it had been used only for low value, spasmodic payments throughout 2023.

But here, I have to also consider - there's a balance to be made: Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

So, in this case, I think Monzo acted reasonably in processing the first payments up to the one for £381.97 on 3 November 2023. And while this payment was of a low value, I noted:

- This was the fifth payment (or attempted payment) made on the same day, and in the space of three hours.
- To a known crypto wallet provider.
- There were seven other payments (or attempted payments) in the previous five days also to crypto wallet providers.

These were signs of a possible scam and be worthy of an intervention, but Monzo didn't contact Ms S or provide any sort of messaging or warnings.

Had the firm done so, there's every chance that Ms S would've been warned of the scam and made no more payments. This was a fairly common scam, which the bank (as the expert in such matters) would've been well placed to identify and warn Ms S about.

I looked at the warnings provided (and questions asked) by Ms S' other bank – and after she have that bank with some information, she listened to the warnings given by it and stopped further payments – this was a day after the last Monzo payments. So, there's every chance that a warning by Monzo would've been successful.

Therefore, I think Monzo should refund the payments from (and including) £381.97 onwards.

Contributory Negligence:

But that's not the end of the story here. I also considered whether Ms S could've done more to protect herself and whether she should therefore reasonably share some of her losses. In

thinking about this - we apply a test of what we would expect a reasonable person to do in the circumstances. We don't (for example) apply a test of what we would expect a finance professional to do.

There is an argument that Ms S should bear some responsibility here – she was contacted out of the blue by a scammer and accepted a job offer on WhatsApp chats – there wasn't a contract or written job offer, for example. And it is fair to say that any reasonable person would find it odd to pay money to an employer when doing a job.

But, I can see also that Ms S was completely taken in by the scammer – to the extent that she borrowed a lot of money from two banks and her sister. And I looked at the website link she would have seen – and there's a website for the same named firm - which is a genuine company. There weren't any negative reviews about company A at the time – and the link provided by the scammer for Ms S to do her 'work' was very similar to the web address of the genuine company.

So, I can see how this sophisticated scam worked and on balance, I don't think it would be fair to deduct anything for contributory negligence in this case.

Recovery:

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

But here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover. **(continued)**

Putting things right

Monzo must refund £7,019.74(the last four payments) plus interest at 8% per annum simple from the date of the payments to the date of settlement.

My final decision

I uphold this complaint. Monzo Bank Ltd must:

- Refund £7,019.74 plus interest at 8% per annum simple from the date of the payments to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 22 November 2024.

Martin Lord
Ombudsman