

The complaint

Miss B complains that Monzo Bank Ltd (Monzo) won't refund the money she lost in a job scam.

What happened

What Miss B says:

Miss B is represented by a third-party claims firm.

In August 2023, she was looking round for employment as a second job and was approached by someone claiming to be from a known and genuine recruitment firm. The contact moved to WhatsApp messaging and a rapport was built up.

She was added to a WhatsApp group where others shared positive experiences with the role.

She was required to carry out and add reviews and ratings to online purchases – to increase the appeal of them online. She was to be paid a basic salary and commission depending on how many tasks she could complete. This was to be paid at the end of each set of tasks. Each task had a value or cost attached to it which was deducted from her 'earnings' balance. If the task/assessment was said to be too expensive, it made her account go negative and the only way to continue with the assessments was to put money in - to bring the balance into positive.

She questioned whether it was a sensible thing to be paying money to earn money, but she was encouraged by the positive feedback from the WhatsApp group.

She made eight payments totalling £1,100 directly to the scammers' accounts from another bank account. She says she received some payments into that account – so she thought things were going well. But that account was then blocked and closed. The scammers then said she should make payments instead to a crypto wallet account in her name.

These payments were made from her Monzo account:

Number	Date/Time	Payment	Amount
1	25 August 2023 – 13.17	Debit card to crypto wallet	£751
2	25 August 2023 – 16.44	Debit card to crypto wallet	£1,740
3	25 August 2023 – 16.59	Debit card to crypto wallet	£3,508
4	25 August 2023 - 18.12	Debit card to crypto wallet	£3,000
	Total		£8,999

The scammers kept asking for more money until she ran out of funds. She felt under pressure and was coerced into making the payments. And after a short while as the demands for money grew, she realised she had been scammed. Miss B contacted Monzo on 29 August 2023.

As a result of the scam, Miss B lost all her savings. She has had to ask friends and family for financial support. She is terrified of not being able to pay bills when they arrive.

She says Monzo should have realised the payments were due to a scam and protected her. She says the bank should refund the money plus interest of 8% and compensation of £300.

What Monzo said:

Monzo didn't refund any money. The firm said the payments had been authorised by Miss B and confirmed in app. The payments were to an account in her own name with a recognised crypto merchant and so the bank said they weren't liable to refund any money.

Our investigation so far:

Miss B brought her complaint to us. Our investigator upheld it and said Monzo should refund the third and fourth payments, less 50% for contributory negligence. He said:

- The first and second payments weren't of a high enough value to be considered unusual.
- By the time of the third payment, Monzo should've intervened. The third payment was larger than any other from Miss B's account previously and was within 15 minutes of the second payment.
- The payment was to a known crypto currency merchant and Monzo should've provided a warning to Miss B.
- The payment was made after 1 January 2023, and so Monzo should have known by that time that crypto currency payments carried an elevated risk of being a scam or fraud.
- If the third payment had been stopped, it was likely the scam would've been uncovered.
- But our investigator said Miss B should be responsible for 50% of the payments as:
 - o The payments from her other bank account had been blocked and her account closed.
 - o Her other bank had provided scam warnings and asked her if she was being pressured into making the payments and asked what she was paying for.
 - o So, these were clear red flags to Miss B which should've caused her to pause.
 - o To be asked to pay money to an employer should've been questioned by her.

So, our investigator said Monzo should refund £3,254 – 50% of payments three and four.

Miss B accepted this outcome, but Monzo didn't. They said:

- It's impossible to scan every payment for fraud and prevent every scam.
- Miss B authorised the payments.
- Monzo's customers make payments for crypto currency every day and they couldn't

- be expected to intervene in every such payment.
- The crypto exchange is a legitimate cryptocurrency firm.
- Crypto currency investments are high risk and the FCA have issued warnings about the risks and that most transactions are not regulated.

Our investigator put his responses back to Monzo, but Monzo didn't respond and so Miss B's complaint has come to me to make 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'm sorry to hear that Miss B 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 Miss B 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 Miss B 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, the Code applies to faster payments made to another UK beneficiary– and in this case, the payments were made by Miss B using her debit card 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 Miss B normally used her account – then we would expect Monzo to have intervened and spoken to or contacted or messaged Miss B. I looked at her account history. Her account was used for low value payments in general.

I can see there were two payments similar in size to the disputed payments – in May 2023, there was a payment for £2,602 and in July 2023 there was one for £1,699.

But – 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.

The first two payments weren't particularly unusual, (compared to Miss B's normal account activity) and were of a relatively low value. So, in this case, I think Monzo acted reasonably in processing the first two payments.

But I agree the third and fourth payments should have been stopped and questioned by Monzo. I say that as:

- They were for a fairly high value.
- They were in favour of a known crypto exchange, and so known to carry a higher risk of fraud.
- They followed two other payments to the same payee earlier in the day. All were within five hours of each other.
- The third payment was only 15 minutes after the second one.
- Each payment drained the account of funds – the balance reduced to zero each time. This was a sign of a scam.
- Each payment was preceded by a like credit transferred into the account from Miss B's savings pot – another sign of a scam.

Monzo was the expert in such matters and if they'd intervened, held the payments and contacted Miss B we would have expected them to ask open questions such as:

- Why are you making the payment?
- Who to?
- For what purpose?
- How did you hear about the job?
- How were you contacted about it?
- Where did the money come from that you're sending?
- Where is the money going to from your crypto wallet?
- What do you know about bitcoin investing?
- Have you made bitcoin investments before?
- How were you given the bank account details where the money was to be paid to?
- Have you given control on your devices to anyone else?

Monzo would've found out that the contact had originated from the internet. And jobs scams such as this one was, by this time, common and Monzo would've been well placed to advise Miss B not to make the payments.

I've considered what Monzo have said about the volume of payments in favour of crypto investments. But we expect that from 1 January 2023, firms ought to recognise that cryptocurrency related transactions carry an elevated risk of the likelihood of the transaction being related to a fraud or scam. This is because, by 1 January 2023, many leading firms had appreciated this risk and placed blocks or restrictions on cryptocurrency related transactions, and there had been widespread coverage in the media about the increase in losses to cryptocurrency scams. So, I set aside Monzo's arguments here.

So, I agree that Monzo should be liable to refund the third and fourth payments (£6,508) in the first instance.

Contributory Negligence:

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

In thinking about this - we apply a test of what we would expect a reasonable person to do in the circumstances.

Even though I've seen that this was a sophisticated and clever scam, and that Miss B was clearly taken in and was pressurised to send money, I consider Miss B could reasonably have paused the payments she was making and thought about what was going on as:

- After making eight payments from her other bank account, (between 22 August 2023 and 25 August 2023) that bank proved five clear warnings that the payments could be a scam – I have seen those.
- And that bank then stopped further payments and blocked her account to protect her. They then (later) closed Miss B's account the day after the Monzo payments – on 26 August 2023.
- So in the light of that, it's reasonable to have expected Miss B to have paused and questioned whether she was being scammed.
- I've seen from the WhatsApp chats with the scammer that she was then advised to use Monzo and to make payments to a crypto exchange house (the earlier payments were to named individuals). As this was a change in method, she should've questioned why this was so, and why the payments were to be made in crypto.
- She should've reasonably questioned why she was making payments to do a job – which was unusual, and why there was no written contract or terms of employment.

So, I agree that Miss B should be responsible for 50% of her losses.

Recovery:

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place.

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.

Putting things right

Monzo should refund 50% of £6,508 less 50% contributory negligence, plus interest at 8% per annum simple.

My final decision

I uphold this complaint. Monzo Bank Ltd must:

- Refund £3,254 (i.e. 50% of £6,508), plus interest of 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 Miss B to accept or reject my decision before 29 November 2024.

Martin Lord
Ombudsman