

The complaint

Miss T is unhappy Monzo Bank Ltd will not refund the money she lost as the result of an authorised push payment (APP) scam.

What happened

As both parties are aware of the details of the scam I will not repeat them in full here. In summary, Miss T fell victim to a romance scam. She met the scammer on a dating app. They moved their conversation to WhatsApp and he then introduced her to the idea of making money through cryptocurrency trading. He said he would guide her through the process and advised her to open an account with Monzo, as well as a digital wallet at a cryptocurrency platform. Miss T made the following transfers by faster payment to her digital wallet:

payment	date	time	value
1	22-Jul-23	1.17pm	£200
2	25-Jul-23	3.15pm	£1,650
3	04-Aug-23	10.17am	£2,015
4	04-Aug-23	6.03pm	£100
5	09-Aug-23	1.13pm	£1,550
6	09-Aug-23	1.18pm	£120
7	14-Aug-23	8.28pm	£20
8	14-Aug-23	8.34pm	£1,600

She received one credit back for £324 on 26 July 2023 so her total loss was £6,931. Miss T realised she was the victim of a scam when she was unable to withdraw any of her funds without making further deposits to cover taxes she was told she owed. She reported this to Monzo on 15 August 2023 but did not hear back.

Miss T says Monzo did not protect her as it should have.

Monzo says it was not the point of loss. Miss T made these payments to another account in her name and sole control and it was from there the fraud occurred.

Our investigator upheld Miss T's complaint in part. She said the transactions ought not to have triggered an intervention from Monzo as they did not appear suspicious. However she found Monzo ought to have responded to Miss T when she raised her refund claim. She instructed Monzo to pay Miss T £100 compensation for the distress and inconvenience this failure caused.

Miss T disagreed with this assessment and asked for an ombudsman's review. She said, in summary, Monzo had a duty of care to protect her money and it failed; the fact the scammer recommended she open a Monzo account shows its fraud prevention systems are weak; the payments were unusual and should have been reviewed; and finally, its communication and response to her complaint were poor. This all happened when she was vulnerable after a

relationship break-up and it has impacted her emotionally and financially.

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.

There's no dispute that Miss T made and authorised the payments. Miss T knew where she was moving the funds to, and the reason why. At the stage she was making these payments, she believed she was transferring funds to her crypto account to allow her to start to trade in the one of the crypto currencies. I don't dispute Miss T was scammed and she wasn't making payments for the reason she thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that Monzo has an obligation to follow Miss T's instructions. So in the first instance Miss T is presumed liable for her loss. But there are other factors that must be considered.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time, I consider it fair and reasonable that in July/August 2023 Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- from 31 July 2023 have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

To note, as the payments were made to an account in Miss T's name, the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

In this overall context, I do not think Monzo can fairly be held liable for any of the payments. I'll explain why.

I acknowledge that Miss T's loss didn't arise directly from the payments she made from her Monzo account. All the payments were for the purchase of genuine cryptocurrency and the loss occurred at a later stage. But even so, there might have been a reason that Monzo should have taken a closer look at the payments given the significant risk of fraud associated with cryptocurrency investments at the time.

However, I do not think that was the case here. I find it was reasonable for Monzo to process these transactions without intervening. I do not find they had characteristics that ought to have led Monzo to conclude Miss T was at risk of possible financial harm. The payments

were made to a well-known, legitimate cryptocurrency exchange. While there are known fraud risks associated with cryptocurrency, many consumers use their services to legitimately invest via such platforms. And the payments weren't of a value or frequency that I consider should have prompted Monzo to look into them more closely.

There is a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests. But they can't reasonably be involved in every transaction, this would cause unsustainable disruption to legitimate payments activity.

I have then considered it Monzo did what we would expect to try to recover Miss T's money once she reported the scam. But as she had already moved the money on to the scammer from the recipient account I cannot see there was any opportunity for Monzo to recover any of the money.

I do agree with the investigator however that Monzo ought to have responded to Miss T's refund claim. It accepts this and I am satisfied the £100 compensation it has agreed to pay is reasonable. I note that Miss T did not follow-up her claim until her representative contacted Monzo on 19 October 2023. Monzo responded on 25 January 2024 to say it was beginning its investigation. Although no final response was given, Miss T's representatives were also advised of their FOS referral rights on this date, which was just over eight weeks since the complaint was raised.

Miss T also said that Monzo's fraud prevention systems must be weak as the scammer recommended that was where she should open an account. I can only comment here on the individual merits of this case using evidence-based analysis. Any broader systemic issues fall under the remit of the regulator, the Financial Conduct Authority.

It follows I am not instructing Monzo to refund any of Miss T's loss. I'm sorry Miss T has lost a considerable amount of money, and at an already difficult time. I can understand why she would like to be compensated for her loss. I do accept Miss T has fallen victim to a sophisticated scam. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Monzo can be held liable in the circumstances of this case.

Putting things right

Monzo should pay Miss T £100 for the distress and inconvenience she suffered when it did not initially respond to her refund claim .

My final decision

I am upholding Miss T's complaint in part. Monzo Bank Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 8 April 2025.

Rebecca Connelley
Ombudsman