

The complaint

Miss A, through a representative, complains that Monzo Bank Ltd won't refund £17,398.84 that she lost as the result of a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them in full here. In summary, Miss A fell victim to a job/task scam after she was contacted via Whatsapp. She was told that she would be paid for completing a number of tasks (rating hotels) but that she would have to pay in funds to the task platform first using cryptocurrency. Over a 12-day period from 2 September 2023, Miss A used open banking to transfer over £17,000 in 15 separate transactions to an account she held at an e-money provider. From there she moved it on to a crypto platform as instructed by the scammer.

When Miss A had to continue to deposit increasingly large amounts of money before she could access her earnings she realised she had been scammed. Her representative contacted Monzo on 21 September 2023 to complain it had not protected Miss A.

Our investigator upheld the complaint in part. He thought that Monzo ought to have questioned Miss A about the 12th payment she made to the scam, which was the fifth payment on that one day and the highest in value to date. The investigator thought that, had that happened, the scam would likely have been stopped. So the investigator said that Monzo should refund the money Miss A had lost from payment 12 onwards, less a deduction of 50% in recognition of Miss A's contributory negligence.

Miss A accepted this assessment. Monzo made some initial comments but did not provide a definitive response so the complaint was passed 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.

It isn't in dispute that Miss A has fallen victim to a scam here, nor that she authorised the payments that are the subject of this complaint. The payments were made following her instructions and the starting position is that banks ought to follow the instructions given by their customers. So, although she didn't intend the money to go to the scammers under the relevant regulations, Miss A is presumed liable for the losses in the first instance

However, it doesn't stop there as the relevant regulations don't prevent banks from pausing payments to make fraud-related enquiries. So I've considered whether Monzo should have done more to prevent Miss A 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 for that account holder and suggested a risk of financial harm, amongst other things.

The investigator considered that the 12th payment made by Miss A, for £3,746.47

ought to have been regarded as unusual, given that by the time of this payment Miss A had already made four payments of increasing value that same day. This was a significant increase in her spending to a relatively new payee on the account. In the previous six months Miss A had typically used her account for much smaller payments. And, critically, by this stage a trend was starting to emerge that had some of the hallmarks of a scam.

Monzo would have known that multiple payments, of increasing value, being made to the same payee in quick succession can often be an indication of fraudulent activity. I think there were sufficient grounds for this payment to have been considered as out of character and carrying a risk of financial harm - and so triggered an intervention by Monzo. A proportionate intervention at this stage would have been direct contact with Miss A via the chat function in the app or by phone.

This means I need to decide what would have been the likely outcome had Monzo asked the appropriate questions to establish the basic context for the payment(s). From the available evidence Miss A doesn't appear to have been given any cover story by the scammer, so if Monzo had questioned her about these payments, I think it's likely she would have been honest about what they were for and how she had come across the opportunity. This assertion can be supported by the evidence we have showing that Miss A told the e-money provider she was 'paying to earn money working online'. So Monzo would have likely discovered that she had been contacted on WhatsApp by a company offering to pay Miss A for completing tasks, but that she would first have to pay money into the scheme using cryptocurrency.

This is not how companies normally operate and it has all the hallmarks of a job/task scam. And I have no reason to believe that Miss A would not have taken a scam warning from Monzo seriously.

Monzo does not believe it is liable for Miss A's loss, it said it was only involved in her moving money into another account in her own name at an e-money provider. However, just because a payment is to an account in the customer's own name that does not mean it bears no risk, and I would still expect Monzo to identify payments that indicate potential fraud, even if those payments were made to another account belonging to their customer. I say this because this kind of payment journey – where payments are made from an account with one bank, to accounts in the same consumer's name at other banks or e-money providers, and then on to buy cryptocurrency – is increasingly a feature of several types of scams. And I would expect Monzo to have an awareness of how these scams operate and be aware of what it should be looking out for to help protect its customers. So I do think it is reasonable that Monzo bear some of the responsibility for what has happened here, even though it was not the last firm in the chain.

In light of this, I think Miss A's losses were foreseeable to Monzo. And I'm satisfied that, had Monzo asked relevant questions of Miss A it would have been apparent that she was falling victim to a scam. So Monzo would have been able to provide an appropriate warning which would likely have prevented Miss A from making any further payments to the scammers.

As a result, I believe Monzo should refund the payments Miss A lost to the scam from the 12th payment made to the scam, for £3,746.47, on 14 September 2023.

Should Miss A bear some responsibility for the overall loss?

I've considered carefully whether Miss A should hold some responsibility for her loss by way of contributory negligence. Accepting that she is not the fraud expert - that is the role of Monzo, I do think she missed some clear signs that the opportunity might not be legitimate. The rate of pay for very little time and effort fell in the category of too good to be true. Having to pay money upfront to do a paid job is unusual and should have raised Miss A's suspicions, particularly as Miss A had no contractual terms of employment to review and accept, nor was there any documentation setting out the terms of the upfront payments. Miss A has not been able to evidence that she carried out an adequate level of independent checks before going ahead. It follows I think the parties are equally liable.

I am therefore instructing Monzo to refund 50% of Miss A's losses from transactions 12 to 15.

Did Monzo do what it should to try to recover Miss A's money?

In this case, Miss A sent the money to her own account held elsewhere and from there onto the crypto investment platform and scammer. So there was no prospect of Monzo being able to recover the funds from the firm it had sent the payments to. It follows I do not find any failings on its part in this regard.

Putting things right

Monzo should:

- Refund the payments Miss A lost to the scam from the 12th payment onwards, less a deduction of 50% (so £7,469.56).

- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax. It should provide Miss A with a tax deduction certificate if she requires one.

My final decision

I am upholding Miss A'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 A to accept or reject my decision before 27 November 2024.

Rebecca Connelley
Ombudsman