

Complaint

In August 2023, Mr A fell victim to a scam. He'd been searching for an online job to supplement his income. He had shared his CV on several recruitment sites and soon received a message from someone claiming to recruit for a "*data optimisation*" role. Mr A was told his job would involve completing tasks on the employer's platform, which would improve the exposure and marketability of individual films. For each task he completed, he was promised a commission.

Unfortunately, this wasn't a legitimate job opportunity, but a scam. To carry out these tasks, he was instructed to ensure his account was funded. He made these payments in the expectation that he would earn them back through commission. He used his Monzo account to make one payment of £4,520.

Once he realised he had been scammed, he reported the issue to Monzo. It didn't agree to refund him. Mr A wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr A's representatives responded to the Investigator and said that Monzo should've been more concerned that the payment in question was funded by deposits into his account made that same day. In its view, such a rapid transfer of funds through his account ought to have been a red flag.

Since Mr A disagreed with the initial Investigator's opinion, the complaint was passed to me for a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

However, that isn't the end of the story. Monzo has agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM code"). Under certain circumstances, this Code can require that firms reimburse customers who have fallen victim to scams. Unfortunately, the Code doesn't apply to these payments.

Nonetheless, Good industry practice required that Monzo be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risk of proceeding. Where the risk is particularly apparent, it might be expected to make enquiries with the customer to satisfy itself that they weren't at risk of financial harm due to fraud. Any response to such activity must be proportionate to the risk. Monzo is expected to strike a balance between protecting customers and avoiding unnecessary disruption to legitimate payments. In this case, I'm not persuaded Monzo had a reasonable basis to intervene.

While this payment was larger than the typical payments made from his account, I don't think it was so large that it meant an intervention by the bank was necessary. I'm also not persuaded that the mere fact that there was a rapid transfer of funds through his account indicated that he might be at risk of falling victim to a scam. I can see that a successful Confirmation of Payee check took place on the payment which meant Monzo knew that Mr A was paying his own account. That would've made the payment appear to carry a lower risk of fraud. Unfortunately, I don't think it's realistic to expect Monzo to intervene in connection with payments of this size, particularly given the wider circumstances.

I've also considered whether it did everything it should've done to recover the money Mr A lost to the scam from the receiving account. Unfortunately, as these payments were made to an account in his own name, there were no measures available for the bank to assist in recovering his money.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 November 2024.

James Kimmitt
Ombudsman