

## The complaint

Ms O complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Ms O is being represented by a firm I'll refer to as 'S'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2023 Ms O fell victim to task-based job scam, with a firm I'll refer to as 'T'. The job involved completing tasks to optimise software developers' apps and websites. Ms O was told she would earn commission and a salary, based on the number of days she worked, for completing sets of these tasks.

As part of the scam, there were randomised tasks called 'super orders' that provided triple the commission. These tasks however put Ms O into a negative account balance that required her to deposit funds in the form of crypto. To do this, Ms O made the below debit card payments to legitimate crypto providers ('M' and 'B') – whereby she purchased crypto and then forwarded it to T.

Transaction Date	Payee	Amount (including fees)
9 October 2023	M	£65
10 October 2023	M	£408
11 October 2023	M	£1,180
11 October 2023	B	£1,287
	<b>Total</b>	<b>£2,940</b>

Ms O attempted a further payment of £1,279 on 11 October 2023 but it was declined by Monzo.

Ms O realised she'd been scammed when she couldn't withdraw her funds, with T saying she had to deposit more for it to be released.

S complained to Monzo, on Ms O's behalf, on 22 December 2023. They said Monzo didn't do enough to protect Ms O from the scam – as they ought to have identified the payments as unusual, carried out further checks before processing them and provided relevant scam warnings. If this happened, the scam would've been uncovered and Ms O's loss avoided. To settle the complaint, they said Monzo should fully refund Ms O and pay 8% interest.

Monzo explained they hadn't been able to investigate the complaint within the required time limits. But they provided Ms O with referral rights to the Financial Ombudsman.

The complaint was referred to us, but our Investigator didn't think Monzo had to do anything further. She said the payments wouldn't have been particularly unusual or suspicious to Monzo based on Ms O's normal account activity. Nor were they of a high enough value to warrant an intervention from Monzo. Our Investigator also didn't think Monzo could've done anything to recover the funds.

S disagreed. In short, they said:

- It's acknowledged that Ms O was the victim of fraud. And the payment amounts were unusual for Ms O, with the highest prior transaction being about £400. So, two of the payments were almost three times greater than this amount – this significant deviation in transaction size is unusual.
- The payees – M and B – were unusual and should've prompted Monzo to intervene.
- A call to Ms O with probing questions would've likely uncovered the scam and prevented the financial loss.
- Monzo didn't provide a prompt response to Ms O's complaint – with significant delays, and Monzo later confirming they closed their internal complaint following the referral to the Financial Ombudsman.

The matter has been passed to me to decide.

### **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 Ms O has been the victim of a scam, and I don't underestimate the impact this has had. But while I accept Ms O has lost a lot of money due to being deceived by T, I must consider whether Monzo is responsible for the loss she has suffered. I know this won't be the outcome Ms O is hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Monzo has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I'd like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Monzo is responsible for Ms O's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Ms O knowingly made the payments from her Monzo account – albeit under the direction and guidance of the scammer as she believed T to be a legitimate firm. And so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process Ms O's payments and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Ms O to Monzo (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

The payments were made to legitimate crypto providers. And crypto carries a known fraud risk that Monzo ought to have considered as part of their requirement to monitor unusual patterns of account activity to prevent potential financial crime. But while crypto providers are sometimes used by scammers to defraud their victims, it's also used by many individuals to invest in crypto legitimately. Because of this, I wouldn't necessarily have expected Monzo to have carried out additional checks before processing the payments simply because they were going to a crypto merchant. But rather, I would expect them to take steps to protect customers that are proportionate to the identifiable risk.

I've considered Ms O's prior account usage. And her account was mainly used for low value transactions – with the highest, as S has pointed out, being just over £400. And so, while the first two transactions were in line with the amounts Ms O typically spent on her account, the latter two payments being disputed were greater in value. But while the two payments were more than Ms O usually spent, it's common for customers to make occasional transactions of a higher value at times. And although the transactions were an increase on Ms O's normal spend, they remained relatively low value. The payments were also spread over three days and not made in rapid succession (which can be a potential indicator of fraud). Because of this, I don't think the payments were so unusual or suspicious whereby I would've expected Monzo to have considered there was a heightened risk of financial harm.

As I've said, there is a balance for Monzo to find between questioning transactions and allowing customers to use their account without unreasonable friction. And here, I don't think the payment activity had the typical traits of fraud or a scam. It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I think it was reasonable for Monzo to assume the payments here were being made for legitimate crypto purposes. And so, I think it was reasonable for Monzo to process the payments upon receiving Ms O's instruction(s).

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Ms O's losses, but I don't think they could. The only possible option for recovery here for the debit card payments would have been for Monzo to have attempted a chargeback against the payees – that being the crypto providers. But these likely wouldn't have had any reasonable prospects for success. This is because the service paid for was provided by M and B - that being the exchange of funds into crypto, which Ms O subsequently sent to T.

On a final note, I'm aware that S has referred to Monzo failing to provide a prompt response to Ms O's complaint. I understand this may have been frustrating for Ms O. But given that I don't consider Monzo is responsible for her loss, I don't think this impacted the overall claim outcome. I'm also mindful that, in the absence of providing their investigation outcome, Monzo did provide referral rights to our service – thereby allowing us to decide the matter (which I have). I therefore don't think Monzo has to do anything further in this regard.

While I have a great deal of sympathy for Ms O, as I appreciate she is the innocent victim of a scam, I cannot fairly direct Monzo to refund her. For the above reasons, I think Monzo has acted fairly and so I'm not going to tell them to do anything further.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 31 July 2025.

Daniel O'Dell  
**Ombudsman**