

The complaint

Ms M, through a representative, complains that Monzo Bank Ltd won't refund £34,260 that she lost as the result of an APP (authorised push payment) 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, Ms M 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 apps) but that she would have to pay funds into the scheme first using cryptocurrency. She made the following transfers by faster payments to her crypto account from the Monzo account that she had opened on 6 October 2023.

transaction	date	time	Value
1	07/10/2023	12:25	£700
2	07/10/2023	16:56	£3,000
3	09/10/2023	11:40	£6,000
4	09/10/2023	16:36	£3,000
5	10/10/2023	13:15	£6,000
6	10/10/2023	18:48	£1,200
7	12/10/2023	13:39	£1,160
8	12/10/2023	17:19	£8,000
9	13/10/2023	09:48	£3,100
10	30/10/2023	16:46	£2,100

Ms M says she funded her payments using savings, a loan and by borrowing £1,500 from a friend. It seems she received one credit linked to the scam on 12 October 2023 for £1,169.18. When Ms M was told to deposit more money before she could access her earnings she realised she had been scammed. Her representative contacted Monzo on 27 November 2023 to ask for a refund and to complain it had not protected Ms M.

Our investigator upheld the complaint in part. He said that if Monzo had made a better intervention at the time of the third transaction the scam would likely have been stopped. So Monzo should refund the money Ms M had lost from payment 3 onwards, less a deduction of 50% in recognition of Ms M's contributory negligence.

Ms M accepted this assessment. Monzo did not respond 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.

I am upholding Ms M's complaint in part. I'll explain why.

It isn't in dispute that Ms M 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, Ms M 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 (or other) enquiries. So I've considered whether Monzo should have done more to prevent Ms M 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.

A successful confirmation of payee check was completed for the first transaction and relied on for all subsequent payments. I think it was reasonable to process payment two given the age of the account and the value, but I find that the third transaction ought to have triggered a direct intervention from Monzo. I appreciate it had no account history as the account was new but that payment had a number of characteristics that, combined, I find warranted investigation from the bank.

I say this as when Ms M opened the account she told Monzo it was for everyday spending – this activity did not fit with that stated purpose; it took the amount Ms M transferred to her cryptocurrency account in just three days to almost £10,000; and Ms M was making repeated payments in quick succession to the same recipient account. So 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 and for cryptocurrency, being made to the same account in quick succession can often be an indication of fraudulent activity.

Interestingly, I note Monzo had certain concerns around this time as it contacted Ms M via the chat function in its app after she made the third payment. However, I do not find that its intervention was proportionate (or quite timely). It asked Ms M what the payment was for and to send any supporting documentation. But when she responded "*£6,000 is also the money I used to buy US Dollars (USD) to send to my family back home who is in a financial crisis. The family home is going to be repossessed*" it simply accepted her reply and did not ask any follow-up questions.

It failed to ask appropriate questions to properly understand the context for the payment. In the circumstances I would have expected it to want to know things like – Were the two previous payments to the same beneficiary account connected? Why was one payment not made? Why was Ms M moving money in to her Monzo account and not sending it to family direct from her other accounts? Had anyone told her to make these payments? and so on.

Ms M doesn't appear to have been given a full cover story by the scammer – other than that banks don't like cryptocurrency so to avoid mentioning it. If Monzo had questioned her about these payments, I think it's likely Ms M's initial explanation would have unravelled. I say this as after listening to calls Ms M had with one of her other banks her explanations were not consistent – here she talked about repossession, on other calls she said the money was to pay for a funeral. I do acknowledge Ms M was not honest when Monzo retrospectively asked about the payment. But on balance I think Monzo, as an expert in fraud detection, would have likely been able to break the spell of the scam by asking a proportionate level of questions.

And had it discovered that she had been contacted on WhatsApp by a company offering to

pay her for completing tasks, but that she would first have to pay money into the scheme using cryptocurrency, it would have recognised all the hallmarks of a job/task scam. And I have no reason to believe that Ms M would not have taken a tailored scam warning from Monzo seriously.

Monzo does not believe it is liable for Ms M's loss, it said it was only involved in her moving money into another account in her own name. 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 Ms M's losses were foreseeable to Monzo. And I'm satisfied that, had Monzo asked relevant questions of Ms M 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 Ms M from making any further payments to the scammers.

As a result, I believe Monzo should refund the payments Ms M lost to the scam from payment 3 for £6,000 on 9 October 2023.

Should Ms M bear some responsibility for the overall loss?

I've considered carefully whether Ms M 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. Being contacted 'at random' via a messaging platform is known to carry risk. Having to pay money upfront to do a paid job is unusual and should have raised Ms M's suspicions, particularly as Ms M had no contractual terms of employment to review and accept, nor was there any documentation setting out the terms of the upfront payments. Ms M has not been able to evidence that she carried out an adequate level of independent checks before going ahead. And she was not honest when Monzo did ask her about payment 3 after it was processed. It follows I think the parties are equally liable.

I am therefore instructing Monzo to refund 50% of Ms M's losses from payment 3 to 10.

Did Monzo do what it should to try to recover Ms M's money?

In this case, Ms M sent the money to her own account held elsewhere and from there onto the the 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.

I also note that Monzo did not reply to Ms M's complaint in the required timeframe. Whilst we cannot review a firm's complaint handling, as this letter put Monzo on notice of Ms M's claim for a refund which is part of its provision of a financial service I can consider the impact the lack of response had on Ms M. I agree with the investigator's recommendation that Monzo should pay Ms M £100 to recognise the distress she would have suffered by not hearing back about her claim.

Putting things right

Monzo should:

- Refund the payments Ms M lost to the scam from payment 3 onwards, less the credit of 12 October, less a deduction of 50% for contributory negligence (so £14,695.41).
- Pay 8% simple interest per year on this amount minus £1,500 (so £13,195.41). This should be calculated from the date of loss until the date of settlement, minus any applicable tax. It should provide Ms M with a tax deduction certificate if she requires one. There is no interest award on £1,500 Ms M told us she borrowed from a friend as they are not party to this complaint. So I cannot award them compensatory interest.
- Pay Ms M £100 compensation for the delay in responding to her refund claim.

My final decision

I am upholding Ms M'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 Ms M to accept or reject my decision before 4 December 2024.

Rebecca Connelley
Ombudsman