

## **The complaint**

Mr D complains that Monzo Bank Ltd won't refund him after he fell victim to a job scam.

Mr D is professionally represented in bringing his complaint to our service, but for ease of reference, I'll refer to all submissions as being made by Mr D directly.

## **What happened**

Mr D's complaint has already been set out in detail by the investigator that considered his complaint so I won't repeat it in detail here. But briefly, both parties accept that in around July 2023, Mr D received contact from an individual purporting to work for a recruitment agency, offering a remote working opportunity. Mr D advised he wasn't interested at this time – however he was then contacted by a second individual who purported to work for the firm and Mr D agreed to hear more about the role, which the individual claimed was with a well-known online brand. Unfortunately, unbeknownst to Mr D at the time, both these individuals were in fact fraudsters.

Mr D was told the role involved 'purchasing' 40 items on the company's platform (although Mr D was told he wouldn't actually receive them) in order to boost their sales, and that by doing so, he would receive commission. Mr D was instructed to open an account on the 'company's' website, which displayed spoofed logos and photos from the genuine company.

Mr D ran through some training with the fraudster, and received \$177.07. He was then instructed to open a cryptocurrency account in order to continue working. As Mr D was completing tasks, he began encountering 'package products', whereby the price of the item caused his balance to become negative, requiring him to 'top up' his account. Mr D continued encountering further package products and further funding his account. After completing his first 40 tasks, he was able to withdraw £767 back to his Monzo account.

Mr D had a break from the scam while he was on holiday, but on his return continued, believing he could make more money. However the cost of the package products were much higher this time and Mr D was using savings, as well as a loan to fund the scam. At one point, following the passing of his father, Mr D withdrew funds from his wallet and took a break from the 'job', however later went back to continue attempting to complete his tasks.

When Mr D ran out of money to fund the scam and was still receiving demands to clear his negative balance, he realised he'd fallen victim to a scam and contacted Monzo to raise a claim.

Overall, Mr D made the following payments towards the scam:

Date	Payment type	Value
31/08/2023	Faster payment to cryptocurrency	£30
31/08/2023	Faster payment to cryptocurrency	£20
31/08/2023	Faster payment to cryptocurrency	£100
01/09/2023	Faster payment to cryptocurrency	£312
01/09/2023	Faster payment to cryptocurrency	£50
01/09/2023	Faster payment to cryptocurrency	£200
02/09/2023	Faster payment to cryptocurrency	£50
04/09/2023	Credit received	+£767
24/09/2023	Faster payment to cryptocurrency	£1,077
27/09/2023	Faster payment to cryptocurrency	£1,200
27/09/2023	Faster payment to cryptocurrency	£2,633
29/09/2023	Faster payment to cryptocurrency	£6,900
04/10/2023	Faster payment to cryptocurrency	£1,000
04/10/2023	Faster payment to cryptocurrency	£5,040
05/10/2023	Loan credit received	+£15,000
05/10/2023	Faster payment to cryptocurrency	£2,800
05/10/2023	Faster payment to cryptocurrency	£2,800
06/10/2023	Withdrawal from wallet	+£5,505.69
19/10/2023	Peer to peer lending	£2,500
<b>19/10/2023</b>	<b>Peer to peer lending</b>	<b>£3,000</b>
<b>20/10/2023</b>	<b>Peer to peer lending</b>	<b>£2,500</b>
20/10/2023	Peer to peer lending	£2,600
20/10/2023	Peer to peer lending	£1,640
20/10/2023	Peer to peer lending	£1,524

When making the payment transfers, Monzo conducted Confirmation of Payee (CoP) checks where possible, whereby it checked whether the payee name Mr D had entered matched that of the account details. However, it's advised that other than providing this confirmation the only questions posed to Mr D regarding these payments were on 20 October 2023, when it asked Mr D to confirm the payment purpose for the transactions highlighted above in bold. Mr D advised he was 'investing in different areas'. Monzo asked for evidence of correspondence to support this, but unfortunately, all but one of the scam payments had already been completed by this point. The next contact from Mr D was in November 2023, advising he'd fallen victim to a scam.

Monzo investigated Mr D's complaint but didn't consider it was liable to refund him, as it said the losses Mr D incurred weren't at the point funds left his Monzo account. It said these funds were exchanged for cryptocurrency, which was what Mr D sent to the fraudster.

Mr D remained unhappy and referred his complaint to our service. An investigator considered the complaint and upheld it in part. He thought that by the time Mr D made the payment of £2,633 on 27 September 2023, there were sufficient signs that Mr D may be at risk of financial harm from fraud for Monzo to intervene, particularly as payments were being made to an identifiable cryptocurrency provider, which is known to carry a higher fraud risk. He therefore thought Monzo ought to have questioned Mr D further at this point, in an attempt to narrow down the reason Mr D was making these payments, and provide a warning tailored to this payment purpose.

The investigator considered that had Monzo questioned Mr D, it would've been able to identify that he was falling victim to a scam and stopped him from making further payments. However, he also considered Mr D ought to have identified red flags in what he was being asked to do by the fraudster and should therefore also be equally liable for his losses. He therefore recommended Mr D and Monzo share equal liability for payments made from (and including) the payment of £2,633 onwards – with Monzo refunding 50% of these losses.

Mr D agreed to the investigator's findings. However, Monzo failed to provide a response. The complaint has therefore been referred to me for 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.

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Having done so I'm also partially upholding it in line with the investigator's findings. Our statutory rules provide – at DISP 3.5.8 to 3.5.15 of the Financial Conduct Authority Handbook – that we may give case-management directions and fix or extend deadlines; and that we may:

*...reach a decision on the basis of what has been supplied and take account of the failure by a party to provide information requested;*

And that...

*If a respondent fails to comply with a time limit, the Ombudsman may: (1) proceed with consideration of the complaint; and (2) include provision for any material distress or material inconvenience caused by that failure in any award which he decides to make.*

I've therefore concluded that, in the absence of a response from Monzo to the investigator's initial assessment, it is fair and reasonable to proceed on the basis of the evidence we already have and/or to take account of Monzo's failure to reply to the investigator's opinion.

I've taken into account that Mr D's complaint isn't covered by the Contingent Reimbursement Model (CRM) Code, which Monzo has agreed to act in the spirit of, as it doesn't cover faster payments whereby funds were exchanged for cryptocurrency. However, I've thought about whether Monzo ought to have intervened at any point during the scam payments, based on Mr D's account activity.

Based on the available evidence, I think it is fair and reasonable to conclude that Monzo ought to have provided a tailored warning to Mr D at the point he made the payment of £2,633, for substantively the same reasons as the investigator provided. Mr D made these payments after the inception of the Financial Conduct Authority's Consumer Duty, which puts an obligation on firms to avoid foreseeable harm to its customers. In the circumstances of this complaint when Mr D made this payment, it was the second cryptocurrency provider he'd sent funds to in the past month, despite this not being usual activity for his account, and the amounts he was sending were increasing in size. This was the second payment of a relatively high value sent just that day.

I've thought about how Mr D would've likely responded, had Monzo questioned him at this time. Further into the scam when asked, Mr D advised Monzo he was 'investing in different areas'. I appreciate this may have led Monzo to consider he was at risk of an investment

scam, rather than a job scam. However, either way, with questioning, I think Monzo could have identified that something was amiss here, based on the regular, increased spending, and multiple cryptocurrency accounts being in use. Mr D hadn't been provided with a cover story and so with basic questioning, I think the scam would have come to light. Additionally, had Monzo requested evidence of the wallets at this point before allowing further payments to be made (similarly to what it did at the end of the scam) I think it would've become clear that Mr D no longer had access to any of the funds available to him and the scam would have become apparent.

I also agree that a 50% deduction to Mr D's reimbursement is fair based on elements of the scam that ought to have caused concern, such as the requests by an employee to receive multiple payments, particularly in cryptocurrency, alongside a salary that was unrealistic, based on the amount of time that was required to put into the role.

I've also thought about whether Monzo could've done anything more to recover Mr D's funds, once it was made aware of the scam. However, Mr D's payments were made either to genuine cryptocurrency platforms, in exchange for cryptocurrency, or to peer-to-peer lending, where similarly, cryptocurrency was received. Therefore I don't think Monzo would have had any prospects of recovery, as funds from the platform were moved on by the fraudster towards the scam, and peer-to-peer payees Mr D sent funds to weren't the fraudster here – it was later in the chain when his funds were lost in the scam.

Finally, I want to say I'm very sorry to hear of the impact this scam has had on Mr D and his family. I don't underestimate the devastation these callous scams have on individual's lives. But for the reasons I've explained, I think a shared liability of losses from the point I've specified onwards is a fair outcome in the particular circumstances of this complaint.

### **My final decision**

My final decision is that I partially uphold Mr D's complaint about Monzo Bank Ltd and I direct it to pay Mr D:

- 50% of payments Mr D made towards the scam, from (and including) the payment of £2,633 on 27 September 2023 onwards.
- 8% simple interest, from the date Mr D made these payments, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 4 December 2024.

Kirsty Upton  
**Ombudsman**