

The complaint

Mrs H complains that Monzo Bank Ltd (“Monzo”) won’t refund money she lost when she fell victim to an employment scam.

Mrs H is being represented by solicitors in this complaint.

What happened

Mrs H fell victim to an employment scam in the summer of 2023. She was looking for a work from home job opportunity and came across a role with a company, “B”, which required her to complete ‘tasks’ to boost product ratings on its platform. In return, Mrs H would earn wages and commission. She understood from her ‘trainer’, whom she communicated with through an instant messaging service, that she needed to make deposits into her account with the platform to complete some of those tasks.

Under her trainer’s instructions, Mrs H opened an account with Monzo and an electronic money institution to facilitate the deposits. This decision only relates to the transactions made from Mrs H’s Monzo account. Her complaint about the electronic money institution has been considered separately by our service.

To make deposits into her account with B, Mrs H transferred money from her existing account with a high street bank “N” to Monzo. She then bought cryptocurrency from individuals through peer-to-peer exchange. The cryptocurrency was then sent to wallets as instructed by her trainer. At the time, Mrs H believed the cryptocurrency was being added to her account with B as she could see the balance increase accordingly.

Mrs H made the following payments from her Revolut account in connection to the scam –

	Date	Method	Payee	Amount
Payment 1	7 August	Faster Payment	Peer-to-peer seller 1	£500.00
Payment 2	7 August	Faster Payment	Peer-to-peer seller 2	£1,500.00
	7 August	Faster Payment	Peer-to-peer seller 2	£2,000.00
	7 August	Credit	Peer-to-peer seller 2	£2,000.00 (previous payment returned)
Payment 3	7 August	Faster Payment	Peer-to-peer seller 1	£2,000.00
Payment 4	8 August	Faster Payment	Peer-to-peer seller 1	£2,000.00
Payment 5	8 August	Faster Payment	Peer-to-peer seller 3	£2,000.00
Payment 6	8 August	Faster	Peer-to-peer seller 1	£1,870.00

		Payment		
Payment 7	8 August	Faster Payment	Peer-to-peer seller 3	£2,000.00
Payment 8	8 August	Faster Payment	Peer-to-peer seller 4	£2,000.00
Payment 9	9 August	Faster Payment	Peer-to-peer seller 1	£2,000.00
Payment 10	9 August	Faster Payment	Peer-to-peer seller 1	£2,000.00
Payment 11	9 August	Faster Payment	Peer-to-peer seller 1	£1,500.00
			Total loss	£19,370.00

Mrs H sent just over £19,000 from her Monzo account over a three-day period between 7-9 August. It was only after she was unable to withdraw her wages and commission, and kept being asked to make further deposits, that Mrs H realised she'd fallen victim to a scam.

Monzo investigated Mrs H's scam claim and informed her that it was unable to recover funds from the beneficiary account providers. It refused to refund her losses and maintained that position when Mrs H complained. Monzo did pay £75 compensation in recognition of the delay in investigating her initial claim and the subsequent complaint.

Our investigator initially recommended Monzo to partially refund some of the disputed payments. They said Monzo should have taken additional steps when a pattern of increased same day spending began to emerge. Had it made enquiries, the investigator thought Mrs H's answers would have given Monzo cause for concern and the scam would likely have been uncovered. In telling Monzo to provide a refund from the suggested intervention point, the investigator recommended a 50% deduction for contributory negligence on Mrs H's part.

Mrs H accepted the investigator's recommendations, but Monzo didn't, and it submitted its full casefile in its appeal. After considering the new information, the investigator made further enquiries and ultimately concluded that they were no longer persuaded that an intervention would have uncovered the scam.

The investigator explained that when N questioned Mrs H after a transfer to Monzo flagged as suspicious on its systems, she wasn't forthcoming about the true purpose of the payment. When the investigator asked Mrs H why she wasn't honest with N, she said she was under so much pressure to process the payment as quickly as possible that she just wanted to get it over with. The investigator wasn't persuaded that a proportionate intervention at the suggested point would have uncovered the scam. So, they didn't think Monzo could have prevented Mrs H's loss.

In terms of recovery of funds once it was notified of the scam, the investigator was satisfied that Monzo contacted the beneficiary account providers as expected. However, funds had already been removed from those accounts and only £647.38 remained in one of the accounts.

Monzo had initially informed our service that it hadn't yet received this amount from the beneficiary account provider, but after our investigator contacted the said firm directly and relayed its response, Monzo was able to locate the returned funds in one of its suspense accounts. Monzo said that in addition to transferring the amount to Mrs H's account, it was willing to pay 8% simple interest on this amount to recognise the delay; calculated from the

date the funds were received from the beneficiary account provider to the date they were paid into Mrs H's account.

The investigator thought Monzo's offer to pay interest for the delay in the recovered funds being made available to Mrs H was fair in the circumstances.

Mrs H didn't agree with the investigator's revised findings and asked for the matter to be reviewed by an ombudsman.

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'd like to start by reassuring Mrs H, her representative, and Monzo that although I've only summarised the background above, I've carefully considered everything that's been submitted by the parties. Having done so, I've decided I'm not upholding the complaint.

Under the Payment Services Regulations 2017 (PSR) and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mrs H made the payments, and so they are considered authorised.

But in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it *might* be liable for losses incurred by its customer as a result.

This was a newly opened account, so there wasn't any previous activity for Monzo to have compared the disputed transactions with. I think it's also important to note that the payments went to individual sellers of cryptocurrency rather than a cryptocurrency platform. Therefore, Monzo couldn't reasonably have known that Mrs H was making cryptocurrency related transactions based on the payee account details alone. Also, the individual transaction amounts ranged between £500 and £2,000. Considered in isolation, there were relatively low in value.

Against that background, it's arguable whether any of the transactions on 7 August ought to have given Monzo cause for concern such that it should have taken additional steps to establish whether Mrs H might have fallen victim to a scam. But when the transactions continued the next day, certainly by Payment 5 (see table) a pattern of increased spending in a short period had begun to emerge. I think that the circumstances should have led Monzo to consider that Mrs H was at heightened risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I'm satisfied that it is fair and reasonable to conclude that Monzo should have warned its customer before this payment went ahead.

But had Monzo intervened when Mrs H attempted Payment 5, I'm not persuaded it would have prevented her losses. I say this because on the same day, a transfer of £12,500 which Mrs H made from N to her Monzo account was flagged as high risk on N's systems and was blocked. She was required to phone N to discuss it before the transaction was executed. I've listened to the recording of the call in question and Mrs H wasn't honest about why she was moving the funds. She told the agent that she was purchasing a car.

When asked why she wasn't making the payment directly from N, Mrs H said she was using different accounts for different things. When asked about it, Mrs H told the agent that the funds wouldn't be staying in her Monzo account and that the car purchase would "hopefully be all done today". She also reassured N that there was no third party involved and she hadn't been instructed by someone else to move her money.

We know Mrs H's answers weren't true, as she wasn't purchasing a car that day but was instead making payments from her Monzo account to purchase cryptocurrency. Having carefully read the chat messages between her and the scammer, I can see that Mrs H was advised to use Monzo when payments via her account with the electronic money institution were unsuccessful. Judging from Mrs H's messages to the scammer, it does seem that she was eager to get the payments processed as soon as possible like she told our investigator.

In the circumstances, on balance, I'm not persuaded that an intervention by Monzo around the same time would have yielded a different course of action from Mrs H. I think it's more likely than not that she wouldn't have wanted Monzo to know the real reason for making the payments, much in the same way that she didn't want N to know. As I've mentioned before, Monzo couldn't reasonably have known that Mrs H's payments were connected in any way to purchasing cryptocurrency. So, it would have been reliant on Mrs H telling the truth in order for it to provide a scam warning specific to her circumstances.

Given her actions when N intervened, and there being evidence that she also sought guidance from the scammer when the electronic money institution questioned her about activity on her e-money account, I'm not persuaded that she would have responded to Monzo's intervention truthfully.

This is not a finding I've made lightly – I do acknowledge that unlike transfers from N, payments from Monzo went to multiple payees. But it's not the specifics of the cover story, it's the willingness to provide one.

I know Mrs H will be extremely disappointed with this outcome, not least because of how long the matter has been ongoing. I'm sorry that she fell victim to such a cruel scam. But I have to consider whether Monzo could have prevented the scam from happening. Having given this a lot of thought, as set out above, it wouldn't be fair of me to hold Monzo liable for Mrs H's losses.

Thinking next about recovery, Mrs H's payments were made to individual sellers of cryptocurrency. And we know from her submission that she received cryptocurrency in exchange for the money she sent, before sending the cryptocurrency on to the scammer (albeit she didn't know this at the time). But one of the beneficiary account providers was able to recover some of Mrs H's money (£647.38) and sent it back to Monzo on 13 September 2023. Unfortunately, Monzo didn't locate the funds until after the complaint was referred to our service and considered by one of our investigators. In the circumstances, I consider Monzo's offer of paying interest on this amount to recognise the delay in Mrs H being reunited with her recovered money is fair.

So in summary, while I don't think Monzo could have prevented Mrs H's losses, to put things right in relation to the recovered funds I think it's fair that it adds interest.

My final decision

For the reasons given, my final decision is that I uphold this complaint in part. If it hasn't already done so, Monzo Bank Ltd needs to credit Mrs H's account with the sum of £647.38 that it was able to recover. It also needs to pay Mrs H interest at 8% simple on that amount,

calculated from the date it received the funds from the beneficiary account provider till the date they are credited to Mrs H's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 28 January 2025.

Gagandeep Singh
Ombudsman