

The complaint

Mr G complains that Monzo Bank Ltd failed to adequately protect him when he was falling victim to a scam and hasn't refunded him since reporting it.

What happened

The background to this complaint is well-known to all parties and so I'll be brief in my summary of events. It's also the case that Monzo has failed to respond to numerous informal attempts to resolve this complaint, which gives me further cause to proceed with a short final decision.

Mr G fell victim to an investment scam after being contacted by someone he didn't know, apparently by accident. But the person was a scammer who had targeted Mr G for the purposes of stealing his money.

Mr G was encouraged to purchase cryptocurrency and send it on at the scammer's instruction. He believed he was adding funds to a trading platform and earning money through returns. But it was all a fabrication, with all money being lost once Mr G sent the cryptocurrency on.

Once Mr G realised he'd been scammed he reported it to Monzo. It investigated but said it wouldn't refund his loss. But it failed to respond to him and so he brought his complaint to our service.

One of our investigators considered the complaint and recommended it be upheld. She found that Mr G's spending had become unusual and that the pattern of transaction matched known fraud trends, which Monzo should have been able to identify and to have been concerned by. She noted that Mr G had sent a significant sum of money for cryptocurrency trading within a brief period, and that the value of payments was high. Notably, there were payments of £3,400 on 26 July 2023 and £4,100 on 6 August 2023. Our investigator said Monzo ought to have stepped into to question the second of those, given the unusual activity.

She went on to say that, had Monzo properly intervened, the scam could have been discovered and Mr G's losses limited. She could see from Mr G's contact with the scammer that he had been nervous about investing throughout, and that he would more likely than not have responded to an intervention from Monzo. On that basis she recommended Monzo compensate Mr G from his loss from 6 August 2023 onwards.

Our investigator also recognised Mr G's own actions and that these hadn't been reasonable throughout. He'd gone on to invest at the instruction of someone that contacted him out of the blue, and apparently by mistake. So he didn't know who the person was and had little basis on which to trust them. And she found there were elements of the scam that made little sense, which ought to have caused concern.

She could also see that Mr G had received a scam warning from the merchant he was paying, specifically referencing the situation he found himself in. But, despite that, he only

went back to the scammer to ask about that warning, and then proceeded to send more money.

With those points in mind, she said it would be fair and reasonable for Mr G to share responsibility for his loss, even from the point at which Monzo ought to have stepped in. Her recommendation was that Mr G and Monzo equally share the cost.

Mr G agreed with our investigator's findings. But Monzo hasn't ever responded with anything other than acknowledgements, despite having had nearly three months and numerous prompts to do so. The complaint has now passed 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.

Having done so I'm reaching broadly the same outcome as our investigator and for largely the same reasons.

Monzo hasn't provided any response to our investigator's findings nor my informal endorsement of them. With that in mind I don't intend to go into exhaustive detail with my findings here. And I'm conscious Monzo ought to be aware of our service's approach to complaints of this nature.

My summary findings are:

- The payment Service Regulations (2017) set out that, broadly speaking, Mr G is responsible for transactions he authorises and Monzo has a duty to process payment instructions quickly;
- I must also take into account the regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time. In doing so, I'm satisfied Monzo ought fairly and reasonably to have had account monitoring systems and processes in place which it should use to identify where a customer might be at risk of financial harm through fraud. Where such risks are identified, it would be fair and reasonable for an otherwise legitimate payment instruction to be questioned by Monzo;
- Where Monzo fails to identify an apparent risk and/or doesn't suitably intervene, it might be fair and reasonable for it to be responsible for any subsequent loss to a scam;
- This would remain true even where the ultimate point of loss is from an account other than that held at Monzo. In this instance, that would be the cryptocurrency wallet used by Mr G before sending funds on to the scammer.
- I'm satisfied here that the payment made on 6 August 2023 was the point at which Monzo ought to have been concerned by the activity on Mr G's account. The payment value was high, the cumulative value of payments sent was approaching £10,000, and the money was notably going to a cryptocurrency platform;
- Mr G would more likely than not have responded positively to a suitable intervention from Monzo. He was clearly nervous about proceeding and had already received some warnings from the cryptocurrency platform. Further questioning and warnings from Monzo would, in my view, more likely than not have struck a chord with him and

impacted his decision as to whether to keep going or not;

- Given the identifiable, foreseeable, and preventable scam risk and associated loss, it's fair and reasonable for Monzo to be held responsible here;
- Mr G ought also bear some responsibility for his loss, given his actions weren't reasonable throughout. This is a position Mr G has accepted.

My overall finding then is that Mr G and Monzo will share responsibility for the loss from 6 August 2023 onwards. Mr G will bear sole responsibility for the payments before that date, given I don't find Monzo ought to have intervened any sooner.

I'm also making an award of £250 in compensation for Mr G. Not only did Monzo fail to prevent the scam when it could have done, it has also repeatedly failed to respond to Mr G's complaint. It didn't respond to him when he raised it directly with Monzo (I have noted an attempt to contact Mr G in-app, long after his complaint was made), and the bank has then never provided a substantive response to this service.

Putting things right

Monzo should now:

- Refund Mr G £4,142.50, representing 50% of his losses suffered on or after 6 August 2023;
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement; *and*
- Pay £250 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 January 2025.

Ben Murray
Ombudsman