

The complaint

Mrs M complains that Monzo Bank Ltd ('Monzo') won't reimburse the funds she lost when she fell victim to a scam.

What happened

Mrs M says that she received information from a recruiter about a job role with a company I'll call R in this decision. She then received messages from a representative of R who said she would be Mrs M's supervisor. The supervisor explained that the role involved optimising applications for game developers and increasing downloads, which would lead to higher sales. Mrs M was required to submit sets of tasks and was told that game developers would pay a commission in USDT (a form of cryptocurrency).

Initially a representative of R showed Mrs M how to do the role using a training account. When Mrs M completed tasks herself, she encountered 'data combination' tasks. She was told that these tasks bring six times the profit of single data tasks but use more funds which can lead to a negative balance.

Mrs M was introduced to a platform and was advised she needed to maintain a positive balance to be able to complete the tasks and earn money. These funds would be returned when the set of tasks were completed (along with the commission earned). To add money to her account at R, Mrs M was given instructions to buy cryptocurrency using a peer-to-peer exchange platform. She then sent it to cryptocurrency wallet addresses provided by representatives of R, and that cryptocurrency then appeared on her account at R.

Mrs M made the following payments on the instructions of representatives of R.

Transaction	Date	Amount
1	28/04/23	£74
2	29/04/23	£307
3	30/04/23	£175
4	30/04/23	£10
5	30/04/23	£315
6	01/05/23	£1,049
7	01/05/23	£3,405
8	01/05/23	£4,695
9	03/05/23	£1,000
10	03/05/23	£30
11	04/05/23	£1,700
12	28/05/23	£2,000
Total		£14,760

The initial payments were to clear negative balances. Mrs M was then advised that she needed to pay more to upgrade to a different level with a higher withdrawal limit and then that she was required to pay a personal income tax of 35% which would later be refunded to her. When Mrs M said that she couldn't afford to pay this amount for three to four months she was told that she would only receive 65% of the total amount held on the platform. Mrs M paid part of this and her supervisor agreed to help her, but then said she had issues with her bank. The supervisor then stopped responding to Mrs M's messages.

Mrs M reported the scam to Monzo on 29 June 2023 via its in-app chat.

Monzo didn't agree to reimburse any of Mrs M's loss. It said that the scam payments weren't made from Mrs M's Monzo account but from her own cryptocurrency wallet, so it wasn't responsible for her loss. Monzo accepted that the service it provided fell short in certain areas and paid her £75 compensation. In particular, Monzo said it took too long to consider Mrs M's claim and that it provided incorrect and confusing information to her.

Mrs M was unhappy with Monzo's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in part. She said that Monzo ought reasonably to have had concerns when Mrs M made payment eight in the table above and intervened. Had it done so, the investigator thought the scam would have been uncovered and Mrs M's further loss prevented. But the investigator thought Mrs M should share responsibility for her loss. This was because the premise of the job opportunity was too good to be true, she received no paperwork, was required to buy cryptocurrency in respect of a job, pressure was placed on her to pay, and Mrs M had some concerns but didn't complete any research.

The investigator agreed that the service provided by Monzo was poor in certain areas and recommended that it pay Mrs M an additional £200 compensation.

Monzo didn't agree with the investigator's findings and asked for a final decision, so Mrs M's complaint has been passed to me to review. Monzo didn't provide any additional points for me to consider.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Whilst I appreciate that Mrs M is the victim of a scam, this doesn't automatically mean that she is entitled to a refund from Monzo.

None of the transactions Mrs M made are covered by the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code'). The CRM Code only applies to certain types of payment made to another person in pounds sterling, between accounts based in the U.K. The transfers to Mrs M's own cryptocurrency account weren't to another person and the fraudster received payments in cryptocurrency. This means I can't consider whether Mrs M is entitled to a refund under the CRM Code.

Aside from the CRM Code, a bank still has wider obligations and a duty to protect its customers, as far as is reasonably possible, against the risk of financial harm from fraud and scams.

In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment; and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

Taking into account what Monzo knew about the payments, I've thought about at what point, if any, it ought to have identified that Mrs M might be at a heightened risk of fraud.

I recognise that overall Mrs M lost a lot of money but the value of the majority of the transactions she made were relatively low in value and so wouldn't have caused Monzo any concern. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

Mrs M was buying cryptocurrency via the peer-to-peer method so it wouldn't have been apparent to Monzo that she was buying cryptocurrency. I'm also mindful that Monzo provided Mrs M with on-screen warnings when the payments were made which provided some generalised scam advice.

I think the position changed when Mrs M made payment eight though. By this time a concerning pattern of regular and unusual payments had emerged. Payment eight was also the third payment in one day and brought Mrs M's daily spending to over £9,000. This was highly unusual given that the account was usually used for low value transactions.

Overall, I'm satisfied that Monzo should have identified that transaction eight carried a heightened risk of financial harm and should have taken additional steps before allowing it to debit Mrs M's account. I think that a proportionate intervention in these circumstances would have been to ask Mrs M questions about the transaction, whether in the chat or in a call. The on-screen warnings Monzo provided were too general and didn't go far enough.

I've gone on to consider whether intervention by Monzo at this point would have made a difference and prevented Mrs M from making further payments. On balance, I think it would. I haven't seen any evidence in the messages Mrs M exchanged with representatives of R to suggest she was told to lie or mislead her bank about the reason for the transactions. So I think Mrs M would have been honest and explained that she was buying cryptocurrency. I think Monzo should have asked why Mrs M was buying cryptocurrency, at which point I consider it more likely than not she'd have discussed her job with R or that she was completing tasks to earn an income.

Monzo ought to have been aware of job scams of this nature and provided appropriate scam warnings. By this stage, Mrs M was starting to have concerns about the amount she was being asked to pay and so I think a relevant warning would have resonated with her and prevented her from making further payments. The day after payment eight was made she told the scammer she had used all of her savings and that she hadn't slept. She also referred to the fact that some of her friends had refused to lend her funds as they weren't convinced about what Mrs M was doing.

Having decided that Monzo could have prevented Mrs M from making payment eight and subsequent payments I've gone on to consider whether Mrs M should bear any responsibility for her loss. In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I recognise that there were relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's apparent earnings and tasks. I also note that Mrs M was able to withdraw small amounts which must have given some validation to the scheme.

But on balance, I think a 50% deduction (from payment eight) is fair and reasonable in all the circumstances of this case. The nature of the job was unusual, and I think this ought to have led Mrs M to ask questions, complete some additional research and to look at reviews. Mrs M was told that she would earn a significant amount of money (4,000 USDT in 30 days for completing 30-40 minutes work a day) for work that does not appear to be particularly time-consuming or arduous. And buying and transferring cryptocurrency to be paid for work completed is very unusual.

I also consider that at the point at which I have said Monzo needed to do more Mrs M had concerns about the amount of money she was being asked to pay. By this point I think Mrs M should have realised that the dynamic of being asked to pay money before she could get her commission would continue.

Overall, I'm satisfied that Monzo and Mrs M should share responsibility for her loss from and including payment eight in the table above.

Finally, I've considered the service Monzo provided to Mrs M. Monzo has acknowledged that it made mistakes and paid Mrs M £75 compensation. After considering the errors made, and the impact they had on Mrs M, I agree with the investigator that Monzo should pay a further £200.

Monzo took too long to consider Mrs M's claim and provide an outcome. She reported the scam at the end of June 2023 and didn't get an answer until 20 September 2023. Mrs M had lost her funds and borrowed from other people so was in a difficult position which was made worse by the delay and uncertainty. She regularly chased Monzo but was simply told that her claim was in progress.

Monzo also provided Mrs M with incorrect information and repeatedly asked for the same information/evidence, demonstrating that staff hadn't read the chat history when taking over. Two months after raising a scam claim Mrs M was told she'd need to raise it again. So, at an already difficult time for Mrs M, Monzo added additional unnecessary stress and upset. Taking all these factors into consideration I think Monzo should pay Mrs M an additional £200 compensation.

My final decision

For the reasons stated, I require Monzo Bank Ltd to:

- Pay Mrs M £4,712.50; and

- Pay interest on the above amount at the rate of 8% simple per year from the date of each transaction to the date of settlement; and
- Pay Mrs M £200 compensation.

If Monzo Bank Ltd considers that it is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it has taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 3 March 2025.

Jay Hadfield
Ombudsman