

The complaint

Mr H complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr H received an email from what appeared to be a well-known postal service explaining he would need to reschedule a missed delivery. Believing the message was genuine Mr H clicked on the link and gave card payment details from an account he held at another bank.

Mr H did some research and realised this was not a legitimate email. Mr H called the bank, reported the email, and froze his card.

The following day Mr H received a call from what he thought was his other bank explaining that a payment had been attempted on the card and had been blocked, and that a well-known financial authority would call him.

Mr H then received a call from an individual I will call X claiming to be from the same well-known financial authority that had been mentioned by what Mr H thought was his trusted bank. X said a loan application with Monzo had been attempted in his name for £24,000. X was calling from what appeared to be a genuine number associated with the financial authority.

X explained that to prevent the loan going to the scammer Mr H would need to apply for the exact same loan giving the same loan purpose, and to obtain the funds himself to keep them safe.

Believing what X had said to be true Mr H applied for and was granted the loan.

X then directed Mr H to make payments to an account he held elsewhere and from there to X. The following payments were made in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
	8 August 2024		Incoming Loan	£24,000cr
1	8 August 2024	Mr H	Transfer	£9,900.00
2	8 August 2024	Mr H	Debit Card	£10.00
3	8 August 2024	Mr H	Debit Card	£2,900.00
4	8 August 2024	Mr H	Debit Card	£2,750.00
5	8 August 2024	Mr H	Debit Card	£2,650.00
6	8 August 2024	Remitly	Debit Card Decline	£1,001.99
7	8 August 2024	Remitly	Debit Card Decline	£1,001.99

Our investigator considered Mr H's complaint and thought it should be upheld. Monzo

disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr H has fallen victim to a cruel scam. The evidence provided by both Mr H and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mr H lost due to the scam.

Recovering the payments Mr H made

Mr H made payments into the scam via his debit card and via transfer but the payments he made from his Monzo account went to another account in his name before being forwarded to the scammer.

As the payments went from Mr H's Monzo account to another account in his control Monzo has no recovery options available to it.

Should Monzo have reasonably prevented the payments Mr H made?

It has been accepted that Mr H authorised the payments that were made from his account with Monzo, albeit on X's instruction. So, the starting point here is that Mr H is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and stepped into question Mr H about the payments he was making. And if it had questioned Mr H, would it have been able to prevent the scam taking place.

Mr H had taken out a home improvement loan that credited his account on the same day that he made four large transfers. While the payments were to an account in Mr H's name the first payment was made for a significant amount greater than payments Mr H had previously made from his account.

Considering the value of this payment and that it was not in keeping with the way Mr H normally operated his account I think it would have been reasonable for Monzo to have stepped in and questioned him about it.

Mr H had been guided in what to say had an intervention took place when he was attempting the payment. He was told to say that he was sending money abroad. But it doesn't appear Mr H was given a particularly strong backstory. I think had Monzo intervened it would likely have uncovered that Mr H had recently taken a large home improvement loan and have concerns over the payment Mr H was attempting.

With Monzo's experience in this type of scam I think it's likely it would have uncovered the scam that was unfolding and been able to prevent the payments from being made. This would have allowed Mr H to repay the loan in full within the cooling off period.

Monzo is therefore responsible for the payments Mr H made in relation to the scam from his Monzo account.

Did Mr H contribute to his loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances I don't think it would be fair to say Mr H contributed to the loss. I say this because X went to great lengths to appear to be legitimate forming a believable backstory as to why Mr H would have reason to take the loan and move the funds to keep them safe.

In addition, Mr H has explained that he has conditions that make him more vulnerable to this type of scam.

With all the above considered I don't think Mr H acted unreasonably in following the instructions of the scammer in the circumstances.

Monzo has continued to state that as the payments were made to another account in Mr H's name held elsewhere before being moved to X it is not fair to hold it responsible.

Monzo ought now to be very much aware of our approach to cases involving payments to a customer's own account that are later lost to a scammer. Where the funds were ultimately lost from doesn't mean Monzo can't be held responsible for failing to properly intervene and warn against such scams.

As I have stated above, I think Monzo missed an opportunity to intervene when Mr H made the first payment in relation to the scam, and it is therefore responsible for his loss.

Putting things right

Having taken out the £24,000 loan from Monzo Mr H lost a total of £12,477.96 to the scam and has not spent the remaining funds (£11,522.04)

To put things right Monzo Bank Ltd should accept a payment from Mr H of £11,522.04 in full settlement of the loan writing off the remaining balance that was lost to the scam.

Any adverse information recorded by Monzo Bank Limited on Mr H's credit file should also be removed.

My final decision

I uphold this complaint and require Monzo Bank Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 December 2024.

Terry Woodham
Ombudsman