

The complaint

Mr B has complained that Monzo Bank Ltd won't refund the money he lost after falling victim to a scam.

What happened

In late 2023, Mr B was contacted by a scammer posing as a recruiter. They recruited him to a spoofed company, where he was given an account on their fake platform. Mr B was asked to perform simple online tasks for substantial pay. He was told to pay in his own funds via cryptocurrency, to clear negative balances and earn commission.

Over the course of several days, Mr B sent the scammers around £16,000. He did this by sending funds from his Monzo account to another account of his via Apple Pay. From there, he purchased cryptocurrency for his crypto wallet, then he sent that onto the scammers.

The scammers kept requiring Mr B to pay more money in, even after he made what they'd told him would be his final payment, and he was unable to withdraw his earnings. He realised he'd been scammed.

Monzo was unable to recover the funds as they'd been sent to Mr B's own account at the other firm, and it didn't think it was otherwise liable for Mr B's loss.

Our Investigator looked into things independently and upheld the complaint in part. Monzo didn't agree, so the complaint's 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.

There's no dispute that Mr B authorised the payments involved, even if he didn't intend for the money to end up with scammers. So under the Payment Services Regulations and the terms of his account, Mr B is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, the duty to avoid causing foreseeable harm for customers, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Monzo should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;

- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;
- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

I can see why Monzo didn't intervene at first. The payments were initially quite moderate, they weren't particularly out of character yet, and they were going to an account in Mr B's name, which would've made them look at bit less risky. But I think Monzo should've intervened by the point of the eighth payment, of £4,464.67. By that point, Mr B had been paying a concerningly large and out-of-character amount over a short time, to a new payee, in a pattern consistent with fraud, which all but drained the account. By that point, I think the activity stood out as being remarkable, and it should have prompted Monzo to intervene.

In reaching my decision that Monzo should have made further enquiries, I've taken into account the Supreme Court's decision in *Philipp v Barclays Bank UK PLC [2023] UKSC 25*.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks when making payments. In summary, among other things, it said:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, the bank must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- The express terms of the current account contract may modify or alter that position. For example, in *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP Fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a duty to do so.

In this case, Monzo's terms and conditions gave it rights to block payments or cards where it suspects criminal activity on the account or where it is concerned about the customer being a victim of fraud; and to contact the customer about this.

So the starting position in law was that:

- Monzo was under an implied duty at law to make payments promptly.
- It had a contractual right not to make payments where it suspected fraud.
- It had a contractual right to delay payments to make enquiries where it suspected fraud.
- It could therefore refuse payments, or make enquiries, where it suspected fraud, even if it was not under a contractual duty to do either of those things.

While the account's terms did not oblige Monzo to do fraud checks, I do not consider that any of these things (including the implied basic duty to make payments promptly) precluded Monzo from making fraud checks before making a payment.

And while Monzo was not required or obliged under the contract to make checks, I am satisfied that, taking into account longstanding regulatory expectations and requirements, the duty to avoid causing foreseeable harm for its customer, and what I consider to have been good practice at the time, it should *fairly and reasonably* have been on the lookout for the possibility of fraud, and should've taken additional steps – or made additional checks – before processing payments in some circumstances, such as in this case.

So for the reasons I've explained, I find that Monzo should have intervened at the point of the eighth payment.

Had Monzo intervened at that point and asked reasonable questions, it seems most likely that it could have uncovered the scam and stopped any further loss. The matter bore many hallmarks of a prominent type of scam, such as having to pay crypto in to work, so I think Monzo would have been able to quickly identify what was happening and prevent it. I've seen nothing to suggest Mr B wouldn't have been honest about why he was sending this money – he thought this was a genuine job and so wouldn't have had a good reason to lie, and the scammers hadn't told him to lie if questioned. And I've found no reason why Mr B would not have listened to Monzo – it is a well-known name in banking.

Monzo argued that it should not be held liable, because the payments went to an account in Mr B's name. But Monzo should've fairly and reasonably been on the lookout for potentially fraudulent payments, even if the payments were going to another account in the customer's name. There are prominent scams which involve paying an account in one's own name. And identifying and preventing such scam payments would still have the effect of preventing a loss to its customer. So Monzo can still be held liable for a loss which resulted from its failure to intervene – which is what I've found to have most likely been the case here.

So I think that Monzo bears some liability for the loss from the eighth payment onwards.

I've also thought carefully about Mr B's role in what happened. I do appreciate that this was a sophisticated scam, where the scammers were imitating a real company, the staff were friendly, and they had a dedicated group chat and a good-looking website. But I'm afraid I think Mr B ought to have had more concerns along the way about what he was being told and asked to do. No legitimate job would function like this, he had to pay crypto to work and to access his earnings, and they were encouraging him to borrow money to fund this. He'd been cold-contacted with an offer that was very much too good to be true: to be paid a very substantial salary and commission to do quick, simple, easy tasks, fully remotely, with no real qualifications or experience needed, no real evaluation, and no contract. And by the eighth payment, Mr B had said to the scammer himself that he knew this was too good to be true. But he went ahead anyway.

So I don't think I can fairly hold Monzo solely liable for the loss from the eighth payment onwards. I think Mr B should also share liability for that loss.

Lastly, I've considered whether Monzo should've done more to try to recover Mr B's money once he made it aware of the scam. But as the payments went to another account of Mr B's and he sent the money on, there was nothing more for Monzo to really do there. Given the payment method and the fact that these were payments to Mr B's own account, they were not covered by the CRM Code. And there was no chargeback reason which would've reasonably covered this situation or which would've had a realistic prospect of success. So there wasn't really anything more than Monzo could reasonably do to get the money back.

Putting things right

Monzo Bank Ltd should:

- Refund 50% of the loss from the eighth payment (of £4,464.67) onwards; and-
- Add simple interest at the rate of 8% simple per year onto the refund, payable from the date each partially-refunded payment debited until the date of the refund.

If Monzo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr B how much tax it's taken off. It should also give Mr B a tax deduction certificate if he asks for one. Mr B may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

My final decision

For the reasons I've explained, I uphold Mr B's complaint in part, and direct Monzo Bank Ltd to put things right by doing what I've said above.

If Mr B accepts the final decision, Monzo Bank Ltd must pay him within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 June 2025.

Adam Charles
Ombudsman