

The complaint

Miss H complains that Monzo Bank Ltd ('Monzo') won't reimburse the funds she lost when she fell victim to an impersonation scam.

What happened

Miss H says that on 23 February 2024 she received a call from someone who said they were from Monzo. She didn't know at the time, but the caller was a scammer. The scammer referred to a text message Miss H had received in December 2023 and said she had clicked on a link that gave a scammer access to her details and meant her account was at risk. Miss H was advised of an attempted unauthorised payment on her account and told she could verify the caller's legitimacy by searching the number they had called from. Miss H saw that the number she had been called from matched Monzo's.

The caller asked Miss H if she had any other accounts. Miss H said she had an account with another bank I'll call N in this decision. The scammer told Miss H that it would contact N, and she should expect to receive a call from N. Miss H then received a call she thought was from N (but was part of the same scam). N's adviser told Miss H that her funds were at risk, and she needed to urgently transfer all her money from her account at N to her Monzo account. This was because the scammer said that only one bank could provide protection up to £85,000.

Miss H transferred her current account and savings account balances at N to her Monzo account. She received another call allegedly from Monzo when she was asked to approve a card payment of £4,900 to prevent a direct debit leaving her account. After making the payment, Miss H was told that she needed to make a further payment of the same amount. Monzo blocked this payment and provided Miss H with some advice in its chat. It then called Miss H and explained that she was the victim of a scam. The £4,900 card payment Miss H approved was to a company that specialises in international money transfers.

Monzo didn't agree to reimburse Miss H. It said she didn't take enough steps to check who she was paying or what for. But Monzo acknowledged that it took too long to provide Miss H with a claim decision and to respond to some messages. As a result, Monzo paid Miss H £150 compensation.

Miss H was unhappy with Monzo's response and raised a complaint with this service. She said Monzo didn't do enough to protect her when the initial payment was made. Miss H has also referred to the impact of the scam on her.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld. She said that Monzo should have intervened when Miss H made the first payment and that had it done so, her loss would have been prevented. In the investigator's opinion, Miss H didn't act unreasonably so should be reimbursed her full loss plus interest. This was because the scammer spoofed a genuine Monzo number, knew personal details about her, and that she had received a phishing message previously. She had also received a call purporting to be from another bank. Miss H was told she needed to approve a notification in her Monzo app to stop the fraudsters setting up a direct debit on her account. In the heat of the moment, her actions were understandable.

Monzo didn't agree with the investigator's findings. In summary, it said:

- The payment approval by 3DS clearly shows the merchant and amount and that Miss H was making a payment. Miss H should have questioned making a payment to a different merchant.
- The first payment of £4,900 wasn't so unusual that Monzo should have intervened as customers often make a one-off large payment. Monzo referenced two payments from Miss H's account of approximately £4,000 each in June 2022 and January 2023 to support this point.
- Miss H wasn't called from a spoofed number and it's clear Miss H didn't check the numbers she was called from. One number relates to an insurance company that provides insurance services to Monzo, and others relate to scams.

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'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm sorry to hear Miss H has fallen victim to this cruel scam and of the impact it has had on her.

In broad terms, the starting position in law is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. It's not disputed that Miss H made and authorised the payment, although I accept that when she did so, she didn't think her funds were at risk.

But, 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 in February 2024 that 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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;
- 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.

I've gone on to consider whether the initial £4,900 transaction was so unusual and out of character that Monzo ought reasonably to have intervened when it was made. After reviewing Miss H's statements for the six-month period before the scam, I think it was. Miss H made very low value transactions from the account of up to a few hundred pounds with most transactions being under £100. And whilst she credits her Monzo account from an

external account, the amounts don't exceed £500. The payments Monzo has referred to were both made over 12 months before the scam. So I'm satisfied that the payment of £4,900 was significantly out of character given the usual operation of Miss H's account and warranted intervention from Monzo.

It is clear that intervention by Monzo would have prevented Miss H's loss, as Monzo uncovered the scam when it spoke to Miss H when she attempted to make a second payment.

I've gone on to consider whether Miss H should be held partly responsible 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'm mindful of the fact that Miss H didn't have expert knowledge of impersonation scams such as the one she fell victim to and how they unfold, and that I'm not assessing whether, with the benefit of hindsight, she could have done more to protect herself. Miss H was in a pressured situation and feared for the safety of her funds. She has described the panic she felt.

When Miss H received the first call when the scammer purported to be from Monzo, the number she was called from wasn't Monzo's scam department. But it was a number that was related to Monzo (its insurance portal). I don't consider it reasonable to expect Miss H, in the heat of the moment and with no understanding of how safe account scams work, to have recognised this difference and concluded the call wasn't genuine. Added to this, the scammer knew personal details about her that she would expect her bank to know. And Miss H also received a call that she thought was from N.

This was a sophisticated scam with Miss H being asked to approve a notification in the app to stop payments being made from her account. Whilst the screens she saw when she did so refer to the name of the merchant, I can understand why Miss H moved past this and followed the instructions she had been given by someone she trusted to be calling from her bank to protect her funds.

Overall, whilst I recognise that Miss H could have done more to verify who was calling her, I consider that no deduction should be made in respect of contributory negligence.

My final decision

For the reasons stated, I uphold this complaint and require Monzo Bank Ltd to:

- Pay Miss H £4,900; and
- Pay interest on this amount at the rate of 8% simple per year from the date of loss to the date of settlement.

If Monzo Bank Ltd is legally required to deduct tax from the interest it should send Miss H a tax deduction certificate so she can claim it back from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 July 2025.

Jay Hadfield
Ombudsman