

The complaint

Miss G complains that Monzo Bank Ltd hasn't refunded her after she fell victim to a scam.

What happened

The background to this complaint is well-known to all parties, so my summary here will be brief.

Miss G fell victim to what's commonly known as a safe account scam in October 2023. She was tricked into sending money from a current account held with a different bank (H) to Monzo. From her Monzo account it was sent to a newly created account with a firm I'll call R. The money was then lost to the scammers from her account with R via card payments to different merchants.

The scammers had drawn Miss G into the scam by sending a fake missed delivery text the day before the payments were made. She'd replied to this text, believing it to be genuine, which gave the scammers information which they then used to convince her they were calling to help protect her and her money. When they did call, they used a technique called number spoofing, which made it look as though they were calling from a genuine Monzo phone number.

Miss G made a total of 38 payments from her Monzo account to her account with R within the space of an hour. Each payment averaged around £200 and, in total, £6,697.38 was sent and subsequently lost.

Miss G reported the scam to Monzo once she realised what had happened. She also reported it to both H and R. None of the firms reimbursed any of her loss, stating that all the payments had been authorised and that they'd made no error in processing the payments. Unhappy with those responses, Miss G brought her complaint to our service.

One of our investigators considered the complaints and recommended they be upheld. He recognised the payments had been authorised by Miss G but felt the activity across her accounts had become unusual and indicative of a scam. So he felt each firm ought to have intervened and questioned Miss G about what she was doing. He said that, had they done so, the scam would have been prevented and so each firm should bear some responsibility for Miss G's loss.

Miss G, H, and R accepted our investigator's findings. Monzo did not. It maintained its position on the payments being authorised and went on to say that it didn't believe the account behaviour was unusual, so there was no need for it to have intervened or to have given scam warnings. It also didn't believe it should be responsible for any payments that went to another of Miss G's accounts given the funds were not lost at that point.

The case was passed to me as Monzo didn't accept the investigator's findings. I contacted Monzo in an attempt to resolve the complaint informally. I let it know I'd be upholding the complaint and said that the account activity had clearly become unusual by the time Miss G made her twelfth payment, even though it went to an account in her own name. I also told

Monzo it could fairly and reasonably be held responsible for losses emerging from payments made to an account in Miss G's own name. It had an opportunity to stop the scam but failed to do so.

Monzo continued to disagree and so I'm moving to issue this final decision to bring matters to a close.

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.

I'm upholding Miss G's complaint and my reasons for doing so are, broadly speaking, set out above. But I'll add a little more context here.

The starting point at law is that Miss G is responsible for any transactions made from her account which are properly authorised. This is set out in the Payment Service Regulations (2017) as well as Miss G's account terms and conditions. There's no dispute here that Miss G authorised the payments, albeit as part of a scam.

But that isn't the end of the story. 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 Monzo ought fairly and reasonably:

- To have been monitoring Miss G's account and payments to counter risks including anti-money laundering, the financing of terrorism, and preventing fraud and scams;
- Have had systems in place to look out for unusual transactions or other signs that might indicate Miss G was at risk of financial harm through fraud;
- In some circumstances, have taken additional steps, or made additional checks, or provided additional warnings, before processing what appeared to be valid and authorised payment instructions – as in practice all banks do;
- Have been aware of common fraud scenarios and tactics used by scammers in an ever evolving landscape, including multi-stage fraud, and where payments might be made to accounts in a customer's own name before being sent on to a fraudster.

Should it be found that Monzo ought fairly and reasonably to have acted to prevent a loss, which could have been avoided by such action, but where it didn't do so, then causation is established for that loss. And as such it would be fair and reasonable for Monzo to compensate for that loss.

This position is unchanged by the use of accounts held in Miss G's own name, as is the case here, where funds were sent to R and the loss crystallised from that account. In such circumstances a loss is still reasonably foreseeable and preventable.

Whilst Monzo has argued that the activity on Miss G's account wasn't unusual, I can't agree with that position. Whilst individual payment values were low – and therefore didn't carry a high risk – their frequency and velocity was alarming. By payment twelve, £2,244.67 had been sent in just 45 minutes.

Whilst the receiving account was in Miss G's name, it was a new payee, so it wasn't a long-term, established and trusted account. Monzo ought to be aware that scammers will tell victims to open new accounts for this very purpose.

It's also the case that the account had been drained and topped-up again twice by this time. Again, a sign that something wasn't right and that Monzo ought fairly and reasonably to have picked up on.

I'm satisfied, in considering the above, that Monzo ought to have intervened at payment twelve (it didn't intervene at all or give Miss G any warnings at any stage). It ought to have asked what the purpose of the payment was and considered how that answer fitted with the activity it could observe. It also ought to have considered asking Miss G why so many payments were being made so quickly to the same account. Importantly, Monzo ought to have gone on to deliver Miss G a tailored scam warning.

I've seen no evidence to suggest Miss G would have bene anything other than truthful if asked about the payments. And so Monzo would have been able to explain the common features of a safe account scam, including: being contacted out of the blue, number spoofing, an urgent need to move funds from one or more accounts, being told to open a new account with a new account provider. These common features would clearly have resonated with Miss G, and I'm persuaded she would then not have continued to send any more funds.

As Monzo failed to intervene and failed to deliver a warning which would more likely than not have prevented any further loss, it is fair and reasonable that it bears some responsibility for that loss. As I've already said, the other firms involved have already agreed with that position and will also share their portion of responsibility.

As for Miss G, I don't find that she acted unreasonably in the circumstances. The scammer used clever techniques to trick her into believing she was genuinely being contacted by Monzo. The fake text message the day before, followed by the spoofed number call created a very real sense of legitimacy for Miss G. I can understand why, particularly with the addition of fear and panic, Miss G behaved in the way she did.

It is true that Miss G was at least somewhat aware that there were active payments going to merchants, and this is where the loss crystalised. And, arguably, that perhaps ought to have caused Miss G to question what was happening. But she was given the plausible explanation that those payments were ones already attempted by fraudsters and that she was carrying out actions to stop them. Given the elaborate and sophisticated set up of the scam, and the trust that naturally created, I can see why Miss G was convinced by the scammers to continue.

Putting things right

Monzo must, on Miss G's acceptance of this decision:

- Reimburse a third of £4,545.31, that being the total loss from payment twelve onwards. R and H will pay the other two thirds respectively, as well as some additional amounts that Monzo bears no responsibility for; *and*
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 27 March 2025.

Ben Murray
Ombudsman