

## The complaint

Miss M complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Miss M is represented by a firm I'll refer to as 'C'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2024 Miss M fell victim to a task-based job scam. At a time when Miss M was looking for a job, and had her CV on various job sites, she was contacted by a person offering a remote based opportunity - which we now know to be a scam. The scammer explained to Miss M that the job entailed completing sets of tasks to help boost the company's product ratings to increase their exposure.

The job paid a salary along with commission for completing the tasks. There were however 'merge data' tasks that put the account into a negative balance, thereby requiring a deposit of funds. Miss M was required to fund her account by purchasing crypto – with the scammer directing her to open a wallet with a legitimate crypto provider. Miss M went on to make the following purchases of crypto, via the peer-to-peer market, by way of fund transfer:

Transaction Date	Payee	Amount
1 March 2024	WH	£600
1 March 2024	HE	£1,050
2 March 2024	SR	£4,700
2 March 2024	PB	£2,650
2 March 2024	UG	£2,650
3 March 2024	PD	£4,046
	<b>Total</b>	<b>£15,696</b>

Miss M funded the scam by taking out a loan(s). And she realised she'd been scammed when she was told that she would need to a pay fee, which she couldn't afford to pay, to be able to withdraw her funds.

C complained to Monzo, on Miss M's behalf, in May 2024. They said Monzo didn't do enough to protect Miss M from the scam. To settle the complaint, they said Miss M would

accept a full reimbursement of her loss, along with 8% interest and £300 compensation.

Monzo didn't uphold the complaint. They said the payments were authorised by Miss M and that they provide education in relation to scams for their customers. Monzo didn't consider they had breached any duty of care to Miss M, and they explained the payments wouldn't be covered under the Contingent Reimbursement Model (CRM) code.

The complaint was considered by one of our Investigators. But they didn't think Monzo had to do anything further. They explained the payments weren't unusual or out of character for Miss M based on her prior account usage. And so, they didn't think Monzo needed to intervene before processing the payments. Our Investigator also noted that when making the payments, Miss M provided descriptions that indicated they were for house work/decoration – thereby supporting why the payments wouldn't have raised suspicion with Monzo. Furthermore, they didn't think Monzo could've recovered Miss M's funds.

C didn't agree and asked for a final decision. In short, they said:

- They considered the transactions were unusual and should've raised red flags. The high frequency and the amounts within a three-day period were different to Miss M's usual spending pattern.
- The £4,700 payment should've triggered an intervention as it was higher than prior transactions and was to the third new payee in two days. The number of recipients is typical of a scam – and there was a total of six in three days here.
- Monzo have a duty to protect their customer from fraud – which includes implementing effective fraud detection mechanisms. The absence of a warning(s) here suggests potential inadequacies in Monzo's systems. Monzo should've conducted additional checks.
- Although Monzo did provide scam education to Miss M, this was after the scam had already occurred.

The matter 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.

I'm very aware that I've summarised Miss M's complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this, but I've focussed on what I think is the heart of the matter here. Therefore, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

I'm sorry Miss M has been the victim of a scam, and I don't underestimate the impact this has had on her – as I understand it is a lot of money and that she took out lending to fund it. I can therefore understand why Miss M is doing everything she can to recover it. But while I'm sympathetic to Miss M's situation, I must consider whether Monzo is responsible for the loss she has suffered. I know this won't be the outcome Miss M is hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Monzo have acted unfairly by not refunding the payments. I'll explain why.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Miss M knowingly made the payments from her Monzo account – albeit under the direction and guidance of the scammer. And so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process Miss M's payments and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Miss M to Monzo (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

Here, the payments were made to purchase crypto via the peer-to-peer market. Crypto carries a known fraud risk that Monzo should be familiar with. But due to the nature of the payments, Monzo would not have been able to identify they were crypto related from the payees – as the payments went to individual payees rather than directly to a known crypto provider. But while there might not have been an identifiable crypto risk, Monzo should've still been on the lookout for other types of potential fraud and scams.

Having looked at Miss M's prior account usage, her account was typically used for low value day to day transactions. But she did, at times, make payments of a higher value – between, for example, £2,000 and £3,000. Two of the disputed payments were of a greater value than this (£4,700 and £4,046). But while these payments might have been more than Miss M typically spent, I don't consider the amounts to be disproportionately out of character for her. And it's also worth noting that it is common for customers to make larger payments from time to time as part of normal account activity. Because of this, I don't think Monzo would've had enough reason to consider the payments – based on their value – as presenting a high risk of potential financial harm to Miss M.

I have however also considered the number of new payees and the frequency of payments, which were made within a three-day period. New payees and payments made in a short period of time can be a *potential* indicator of financial harm from fraud. However, in Miss M's case, her prior account activity shows that she did make payments to different payees in short periods of time. For example, in early February 2024, Miss M made regular fund transfer transactions to multiple payees in only a few days – with some of these transactions ranging between about £2,000 and £2,500. Because of this, I don't think the disputed payments would've been seen by Monzo as being particularly unusual or out of character for Miss M. Instead, I think it would've been considered in line with her normal account usage. So, in my view, the payment pattern/activity didn't present an increased risk.

In these circumstances and given, as I've said, there is a balance for Monzo to find between questioning transactions and allowing customers to use their account without unreasonable friction, I don't think Monzo would've had sufficient reason to suspect Miss M wasn't making the payments for anything other than legitimate purposes – as the activity didn't have the typical traits of fraud or a scam.

It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I wouldn't have expected that here. And so, I think it was reasonable for Monzo to process the payments upon receiving Miss M's instruction(s).

I would however, for the sake of completeness, like to add that even if Monzo had carried out additional checks before processing the payments, I'm not persuaded it would've made a difference. This is because the instant messenger chat Miss M had with the scammer shows she followed their instructions when an Electronic Money Institution (EMI), which she holds an account with, questioned her about other transactions she was making as part of the scam. And Miss M actually sought the scammer's guidance at the time, asking *"Is there anything you suggest I avoid saying?"* and *"What would you like me to do?"*. And she gave inaccurate information to the EMI provider by, for example, telling the scammer that she'd selected *"Yes I confirm I am not being guided"* to one of the questions.

It seems that Miss M also gave inaccurate information to Monzo – as she included payment references such as 'Painting job', 'House works' and 'Kitchen'. So, I think it's likely that Miss M would've similarly withheld the true circumstances of the payments from Monzo if questioned about them. Because of this, I don't think Monzo could reasonably have uncovered that Miss M was falling victim to a scam and prevented her loss.

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Miss M's losses, but I don't think they could. The payments were for the purchase of crypto via the peer-to-peer market, which Miss M received. Unfortunately, Miss M then forwarded that on to the scammers as part of a separate transaction. And so, the service paid for was provided to Miss M.

It follows that, while I have a great deal of sympathy for Miss M as I appreciate she is the innocent victim of a scam, I cannot fairly direct Monzo to refund her. For the above reasons, I think Monzo have acted fairly and so I'm not going to tell them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 30 July 2025.

Daniel O'Dell  
**Ombudsman**