

The complaint

Ms H complains that Monzo Bank Ltd won't refund the money she lost as the result of a scam.

What happened

The background to the complaint is well known to the parties, so I'll simply summarise it here. Briefly, Ms H's mother was looking for work, and was contacted on WhatsApp about a task-based job, which she could do at home. She was told she'd receive commission for reviewing products. Unfortunately, the apparent job opportunity ultimately turned out to be a scam.

An account was set up for Ms H's mother on the scammer's online platform. Ms H says her mother was able to withdraw £100 from the fake platform in the early stages of the scam, but was required to pay increasing amounts to be eligible for tasks. When she said she wanted to stop and withdraw her money, the scammer told her she had to complete further tasks. And when she refused to do so, the scammer became aggressive and threatened to involve the police.

Ms H says she decided to help her mother, who was understandably distressed about what was happening. She says the scammer assured her mother that she'd be able to withdraw her money once she'd made further payments. So Ms H made the following two payments, following detailed instructions from the scammer, in an attempt to prevent her mother from losing the money she'd invested.

Date	Time	Type of payment	Amount
15 July 2024	14:14	Debit card payment	£3,130.00
15 July 2024	18:00	Debit card payment	£1,509.99
Total			£4,639.99

However, after Ms H made the payments, the scammer said her mother needed to pay a fine of £5,000 for being late in carrying out the last task. When the scammers subsequently stopped responding, Ms H did some research and discovered that the company wasn't legitimate.

Ms H says the job description was detailed and enticing, and the scammer provided comprehensive company information and a professional-looking website. Her mother's research had shown no reason to be concerned, and she was reassured by the scammer's professional demeanour and the fact that she was initially able to make a withdrawal.

Ms H believes, in summary, that the payments were unusual enough that Monzo should have realised that she was at risk of financial harm and intervened before allowing the payments.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, he didn't think the value or the timing of the payments was such that Monzo ought to have been concerned that Ms H was at heightened risk of financial harm. So he didn't think it had done anything wrong by not intervening.

Ms H didn't agree with the investigator's view, so the complaint's been passed to me.

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's common ground that the payments made to the scam were 'authorised'. Ms H made the payments to the scammer using her debit card. So even though she didn't intend the payments to end up with a fraudster, they were 'authorised' under the Payment Services Regulations. Monzo had an obligation to follow the payment instructions it received, and Ms H is presumed liable for her loss in the first instance. But that's not the end of the story.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, Monzo should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- acting to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of -among other things – common scam scenarios, how fraudulent practices were 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 acknowledge that Ms H's loss didn't arise directly from the payments she made from her account with Monzo. The loss occurred at a later stage. But even so, there are circumstances in which I'd consider that Monzo should have taken a closer look at the payments. Ultimately, I need to decide whether the payments were concerning enough that it would have been reasonable to expect Monzo to have a closer look at the circumstances surrounding them.

I've seen Ms H's account statements for the year before she made the payments to the scam. Two payments of more than £1,000 each had been made from the account the previous July to another account in Ms H's name held elsewhere. In both those cases, as with the two payments Ms H says she lost to the scam, a broadly corresponding credit from a third party had been received into the account shortly before the payment was made.

Otherwise, the account generally appears to have been used for spending while Ms H was travelling, and for transfers between family members and friends, rather than for day-to-day spending. Payments from the account were generally of low value. Aside from the two payments the previous July, the highest payment from the account in the year before the payments Ms H lost to the scam was £200. So the two payments she made to the scam were larger than most payments from Ms H's account.

However, I also need to bear in mind that banks process high volumes of transactions every day, and I consider that there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of Monzo to consider a range of factors when deciding whether to take any additional steps before making the payments.

I don't consider that either of the two payments was so significant in value that Monzo ought to have been concerned and made further enquiries. The payments were more likely than not to an account in Ms H's name at the money transfer service. And I don't think a clear scam pattern would have been apparent from the payments. There was a gap of nearly four hours between them, so there would have been nothing to suggest that Ms H was being pressured to make the payments with no time to reflect in between.

The money transfer service to which Ms H made the payments was a legitimate, long-standing business which processes many genuine payments across the world every day. So although I accept that Ms H's statements don't show any other payments to that payee, I don't think that the identity of the payee ought, in itself, to have prompted Monzo to intervene before processing the payments.

There weren't enough payments to raise any other red flags which would typically be seen in this type of scam, such as a concerning escalation in the size of payments. In this case there were only two payments, and the second was lower than the first.

So taking everything into account, I don't consider that there were enough warning signs that Ms H was at risk of financial harm to have warranted intervention from Monzo before the payments were processed.

I've thought about whether Monzo could have done more to try to recover the payments. There are limited circumstances that allow a business to make a successful chargeback claim. In this case, the payments from Ms H's account were sent, following Ms H's instructions, to a money transfer service, and the money was then transferred on in accordance with the scammer's instructions. So even though Ms H was unaware of that happening, the transfer service would have been acting in accordance with the instructions it received, and I don't think a chargeback claim would have had a realistic prospect of success.

I'm sorry to disappoint Ms H, and I recognise the significant impact the scam will have had on her. But having thought carefully about the circumstances here, I don't consider that Monzo, which had no involvement in the scam itself, can fairly be held responsible for her loss.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 25 June 2025.

Juliet Collins
Ombudsman