

The complaint

Mrs D complains that Monzo Bank Ltd won't refund the money they lost after they fell victim to an Authorised Push Payment ("APP") scam, whereby she sent money to an account held at Monzo.

What happened

The background to this complaint is well known by both parties, so I won't repeat it here. But in summary I understand it to be as follows.

It doesn't appear to be in dispute that Mrs D fell victim to a scam when they were looking to secure employment and a visa sponsorship on behalf of a family member. Which resulted in them making payments, in October 2023, to an account which was held with Monzo.

Mrs D complained to Monzo, as she considered it had a responsibility to protect her and to ensure that it carried out due diligence when opening accounts. She also considered that, given it held the account holders address, it should contact them through this to recover the money that had been lost.

Monzo looked into Mrs D's complaint, but didn't uphold it. Unhappy with Monzo's response, Mrs D brought her complaint to this service. One of our Investigator's looked into things but didn't recommend that it be upheld. In summary our Investigator considered the provisions of the Contingent Reimbursement Model Code (CRM Code) and having done so, it was their view that the relevant account opening checks were completed and Monzo had met the standards required of it under the CRM Code. So, our Investigator didn't think Monzo were liable for Mrs D's loss.

Mrs D didn't agree with our Investigator's view, so the complaint has been passed to me for a final decision.

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.

Regulated firms, such as Monzo, are required to conduct their business with due skill, care and diligence (FCA Principle for Businesses 2) and to comply with legal and regulatory requirements.

Those requirements include maintaining proportionate and risk sensitive policies and procedures to identify, assess and manage money laundering risks – for example through customer due diligence measures and ongoing monitoring of the business relationship, such as scrutinising transactions.

And given the increase in sophisticated fraud in recent years, as a matter of good industry practice at the time I think firms should reasonably have had measures in place to detect suspicious transactions or activities that might indicate fraud or financial abuse (something

also recognised by the Banking Standards Institute's October 2017 'Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice').

I'm satisfied that this good practice requirement meant not just looking out for situations where a customer might be the victim of fraud, but also situations where the customer might be the perpetrator of fraud or money laundering.

Monzo, while not a signatory to the CRM Code, has agreed to adhere to the principles of it. Under the CRM Code, beneficiary banks must consider their obligations when certain APP payments are made to it. Those considerations are as follows:

"CRM Code: Payment Journey – Receiving Firm

SF2 - Receiving Firms should take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams. This should include procedures to prevent, detect and respond to the receipt of funds from APP scams. Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

Prevention

SF2(1) - Firms must take reasonable steps to prevent accounts being opened for criminal purposes.

Detection

SF2(3) - Firms must take reasonable steps to detect accounts which may be, or are being, used to receive APP scam funds.

Response

SF2(4) - Following notification of concerns about an account or funds at a receiving Firm, the receiving Firm should respond in accordance with the procedures set out in the Best Practice Standards."

Having taken into account all the above considerations against the evidence and testimony provided by both parties, I have concluded the following;

Account set-up

Monzo has provided our service with all the information it relied upon when setting up the beneficiary account. As this contains third-party information, I'm unable to disclose specific details about the account to Mrs D. I can however assure her that I've considered all the evidence carefully and am satisfied Monzo carried out sufficient checks to verify the identity of the applicant prior to agreeing to open the account.

I see nothing within the supporting documentation, that ought to have caused Monzo concern about the applicant. I therefore find that all necessary steps were taken by Monzo at the account opening stage.

Account activity

I've also considered if the beneficiary account ought to have caused Monzo concerns from its operation. But having looked at the transactions carried out up to the point Mrs D's payments entered the account, I'm satisfied there was no activity that would have stood out

as suspicious or concerning in nature, to the extent Monzo ought to have intervened. I can also see that prior to Mrs D raising concerns—there were no fraud reports made to Monzo about the beneficiary account.

So, I don't find that Monzo were put on notice about the account holder's conduct until this report. Overall, I'm satisfied Monzo didn't miss an opportunity to detect any fraudulent activity sooner.

Recovery

Monzo was notified of the fraud a number of months after the payments had been made. I can see Monzo took immediate action on the beneficiaries' account. Unfortunately, by the time Monzo had been notified, none of Mrs D's funds remained in the account. So, it had no way of recovering or returning them to Mrs D.

Mrs D has made comments that Monzo should look to recover the money lost, by utilising the address it holds for the account holder. However, this extends further than I could reasonably expect from a bank. It's not the responsibility of the bank to do this – rather contact with a suspected fraudster in such a way, where appropriate, would be for law enforcement agencies and not the bank.

I realise this will come as a disappointment to Mrs D, and I am sorry she's been the victim of a callous crime. But I can only hold Monzo responsible for her loss where it has made an error. And in this case, I don't find it has.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 15 May 2025.

Stephen Wise
Ombudsman