

The complaint

Miss M complains that Monzo Bank Ltd won't refund money she lost when she fell victim to an employment scam.

Miss M is being represented by a claims management company in this complaint.

What happened

In the summer of 2024, Miss M fell victim to an employment scam. She'd been looking for a job and came across an online advertisement for a remote role with a multinational company which caught her attention. After leaving her details, she was contacted by an individual purporting to be from the company. Miss M was offered a job opportunity which required her to complete tasks to help increase product sales and rating through the company's e-commerce platform.

Miss M's 'supervisor' explained to Miss M that she could earn wages through commission and a basic salary. A full-time employment could earn \$3,000 a month, whereas it was \$500 for working part-time for seven consecutive days. Payments would be paid in cryptocurrency.

After opening a 'work' account with the company, Miss M could see the tasks she had been assigned on the platform. It was explained to her that her job would involve completing them to earn commission. Miss M's supervisor also told her that she would sometimes be granted 'high commission package order' tasks. These tasks had a value, given in USDT. Each time such a task was assigned, the value of the task in USDT would be deducted from Miss M's account balance, leaving her with a negative balance. She was told the balance needed to be made positive by depositing USDT in her account before the task could be completed and any withdrawals could be made.

In order to make deposits into her work account, Miss M was instructed to convert her money into USDT. She transferred funds into her existing Monzo account before making debit card payments to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent to wallet addresses provided. Miss M believed she was making deposits into her work account, given its account balance went up by the same amount. But before she could make withdrawals, she was given another high commission package task of a greater value, meaning she would have to complete those tasks (and therefore make another deposit).

After she'd spent all her money, Miss M borrowed money from friends and family to make the deposits. At one point, Monzo restricted her account due to increased activity. Subsequently, the bank made a decision to close Miss M's account.

The following transactions, all card payments, are relevant to this complaint –

Payment	Date	Amount
Payment 1	29 June	£48
Payment 2	30 June	£400

	30 June	£450 <i>(returned)</i>
Payment 3	30 June	£450
Payment 4	30 June	£400
Payment 5	1 July	£400
Payment 6	1 July	£500
Payment 7	1 July	£500
Payment 8	1 July	£500
Payment 9	1 July	£500
Payment 10	1 July	£600
Payment 11	1 July	£150
Payment 12	1 July	£750
Payment 13	1 July	£40
Payment 14	1 July	£1,000
Payment 15	1 July	£1,000
Payment 16	1 July	£500
Payment 17	2 July	£540
	2 July	£30 <i>(returned)</i>
Payment 18	2 July	£30
Payment 19	2 July	£1,500
	2 July	£1,300 <i>(blocked, account restricted)</i>
	Total loss	£9,808

Miss M eventually realised she'd been scammed. She made a claim and later submitted a complaint via her representative. The matter was then referred to our service.

One of our investigators looked into Miss M's complaint and concluded that by the time she authorised the fourth payment on 1 July (Payment 8), Monzo ought to have recognised that it carried a higher risk of being associated with fraud. Given the increased spending on cryptocurrency and multiple transactions on that day, the investigator considered that Monzo should have asked further questions. Had it done so, it was more likely than not that the scam would have been uncovered and further losses prevented. In recommending a refund of the losses suffered from that point onwards, the investigator concluded that Miss M should share responsibility for what happened and so they made a deduction of 50% for contributory negligence.

Miss M accepted the investigator's outcome. Monzo initially asked for an extension to respond to the investigator's assessment. But when it didn't reply, in the interest of being fair to both parties, the investigator arranged for the complaint to be reviewed by an ombudsman. Monzo still didn't respond when the investigator notified the bank that the complaint would be determined by an ombudsman once the deadline for final submissions had passed.

I'm satisfied that Monzo has had sufficient opportunity to submit its appeal. As such, it's appropriate for me to proceed with my 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.

Having done so, I agree with the investigator's conclusions. I'll explain why.

The starting point under the relevant regulations (the Payment Services Regulations 2017) and the terms of Miss M's account is that she's liable for payments she's authorised. And as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, banks generally have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, the bank must carry out the instruction promptly. It's not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- The express terms of the current account contract may modify or alter that position. For example, in *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a duty to do so.

In this case, Monzo's current account terms and conditions applicable to Miss M's transactions gave it rights (but not obligations) to refuse payments where it suspects criminal activity on the account, or where it suspects the customer is a victim of fraud.

So, the starting position at law was that:

- Monzo was under an implied duty at law to make payments promptly.
- It had a contractual right not to make payments where it suspected fraud.
- It could therefore block payments, or make enquiries, where it suspected fraud, but it was not under a contractual duty to do either of those things.

The account terms didn't oblige Monzo to make fraud checks, but I don't consider any of these things (including the implied basic legal duty to make payments promptly) precluded Monzo from making fraud checks before making a payment. And, while Monzo wasn't obliged under the contract to make checks, I'm satisfied, taking into account longstanding regulatory expectations and requirements and what I consider to have been good practice at the time, it should fairly and reasonably have been on the look-out for the possibility of fraud and taken additional steps, or made additional checks, before processing payments in some circumstances. In practice, that's something all banks do, including Monzo.

I'm satisfied that, to comply with regulatory requirements (including the Financial Conduct Authority's "Consumer Duty", which requires financial services firms to act to deliver good outcomes for their customers) Monzo should in 2024 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

While the Consumer Duty doesn't mean that customers will always be protected from bad outcomes, Monzo was required act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. The Consumer Duty is therefore an example of a regulatory requirement that could, by virtue of the express terms of the contract and

depending on the circumstances, oblige Monzo to refuse or delay a payment notwithstanding the starting position at law described in *Philipp*.

Our Service has issued previous final decisions setting out the relevant considerations we take into account when deciding what's fair and reasonable in these types of cases. I don't consider it necessary to repeat them all again here, though Monzo will be able to review these through past decisions on our website if it wishes to do so.

To summarise, however, taking into account the 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 should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering 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 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 banks 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 – as in practice all banks do.
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding to intervene.

Should Monzo have recognised that Miss M was at risk of financial harm from fraud and made further enquiries?

It isn't in dispute that Miss M has fallen victim to a cruel scam here, nor that she authorised the payments she made through her card to her cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

I think Monzo should have identified that all the payments were going to a cryptocurrency provider (the merchant is a cryptocurrency platform). But I don't think that the fact the payments in this case were going to a cryptocurrency wallet held in Miss M's own name should have led Monzo to believe there wasn't a risk of fraud.

When these transactions started, firms like Monzo had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since.

So I've gone on to consider, taking into account what Monzo knew about the payments, at what point, if any, it ought to have identified that Miss M might be at a heightened risk of fraud that merited its intervention.

Payments 1-7 were relatively low in value, and I don't think Monzo should reasonably have suspected that they might be part of a scam. But by the time Miss M made Payment 8, I consider that a pattern of increased spending on cryptocurrency had emerged. Looking at the bank's audit log, the payment in question was the fourth cryptocurrency related payment in less than an hour. I think that the circumstances should have led Monzo to consider that Miss M was at heightened risk of financial harm from fraud.

In line with good industry practice and regulatory requirements (in particular, the Consumer Duty), I'm satisfied that it is fair and reasonable to conclude that Monzo should have warned its customer before this payment went ahead. We know it didn't, so an opportunity was missed.

If Monzo had made further enquiries before processing Payment 8, would that have prevented the losses Miss M suffered from then onwards?

I've thought carefully about how things would have likely unfolded if Monzo had questioned Miss M directly about the nature of Payment 8 and, on balance, I think she'd have been upfront about why she was making the payment.

I've read the chat messages between Miss M and the scammer, and there's no indication that she was coached to lie about the payment purpose if Monzo questioned the payments. If Monzo had contacted Miss B directly about what was happening, I think she'd have been honest and explained why she was buying cryptocurrency. And I'm satisfied that her response is likely to have been concerning given that she thought she was sending cryptocurrency for online 'tasks' as part of a job to earn income.

As Monzo ought to have been aware of job scams of this nature, this should have signalled something wasn't quite right. And so, I think a warning which covered off key features of such a scam, such as making payments to gain employment, being paid for 'clicks', 'likes' or promoting products and having to pay increasingly large sums without being able to withdraw money was warranted.

I acknowledge that any such warning relies on the customer answering questions honestly and openly. I've thought carefully about Miss M's answers when Monzo restricted her account the next day and made enquiries about the credits received. I can see that at the time Miss M was also asked what she intended to do with the funds received and she said they were for paying for bills. Although the funds were for purchasing cryptocurrency and not for directly paying bills, I don't think Miss M set out to intentionally mislead Monzo. In her mind, the cryptocurrency would have made it possible for her to withdraw her salary which she could have then used to pay bills.

Monzo's system notes suggest that it knew the payments out of Miss M's account were cryptocurrency related. Had it probed her response further, on balance, I think it's more likely than not that Miss M would have explained why she was purchasing cryptocurrency.

Had Monzo provided a scam warning which covered the typical features of job scams, I think it would have resonated with Miss M. I've read the chat messages between Miss M and the scammer, and she appears to have been concerned about repeatedly being assigned the high commission package tasks. I can see that one more than one occasion she was concerned about being scammed.

I think that a warning provided by Monzo would have given the perspective Miss M needed, reinforcing her own developing concerns and she would more likely than not have concluded that the scheme was not genuine. In those circumstances I think, she's likely to have

decided not to go ahead with that payment, and subsequent payments, had such a warning been given.

I'm also satisfied that Monzo can fairly and reasonably be held liable for Miss M's losses. I realise that it wasn't the point of loss and it took further steps before the money was lost to the scammer. But the potential for multi-stage scams ought to have been well known to Monzo at the time and, as a matter of good practice, it should fairly and reasonably have been on the look-out for payments presenting an additional scam risk. And because this scam would have likely been unravelled if Monzo had made further enquiries on Payment 8, I'm satisfied it can fairly and reasonably be held liable for the subsequent losses in circumstances where I think it ought to have done more to prevent them.

Should Miss M bear any responsibility for her losses?

I've thought about whether Miss M should bear any responsibility for her loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint.

I recognise that there were relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's apparent earnings and tasks. Reading the chat correspondence with the scammer, I note that Miss M also seems to have been part of an instant messaging group with other people who claimed to be making money. I can imagine this would have given some validation to the scheme.

But, at its heart, the scam appears to have been fairly implausible. While I haven't seen and heard everything that Miss M saw and was told, the scammer's explanation for how the scheme worked is quite baffling and I think Miss M ought reasonably to have questioned whether the activity she was tasked with carrying out (which doesn't appear to be particularly time-consuming or difficult) could really be capable of generating the returns promised. And it appears that Miss M did, give she seemed to have had concerns about the scheme by the point I consider Monzo should have taken further steps.

So, given the overall implausibility of the scam and Miss M's own apparent recognition of the risk of being continuously granted package tasks, I think she ought to have realised that the scheme wasn't genuine before going ahead with Payment 8. In the circumstances, I consider she should also bear some responsibility for her losses.

I've concluded, on balance, that it would be fair to reduce Monzo's liability because of Miss M's role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Could Monzo have done anything to recover Miss M's money?

These were card payments to a cryptocurrency provider. I don't consider that a chargeback would have had any prospect of success given there's no dispute that the exchange provided cryptocurrency to Miss M, which she subsequently sent to the scammer.

So, I don't think Monzo should have done anything more to try and recover Miss M's money.

Putting things right

Monzo Bank Ltd needs to refund Miss M's losses arising from Payments 8 onwards, making a 50% deduction for contributory negligence.

The bank also needs to add simple interest at 8% per year to the individual refunded amounts, calculated from the date of loss to the date of refund.

My final decision

For the reasons given, my final decision is that I uphold this complaint. Monzo Bank Ltd needs to put things right for Miss M as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 March 2025.

Gagandeep Singh
Ombudsman