

## Complaint

Mr S is unhappy that Monzo Bank Ltd didn't reimburse him after he reported falling victim to a scam.

## Background

The background to this case is well known to the parties, so I will only summarise the key facts.

In early 2024, Mr S fell victim to a job scam. He was approached with what appeared to be a legitimate job opportunity, which involved completing tasks on an online platform in return for commission. The premise was that by completing these tasks, Mr S would help a client improve the visibility and commercial success of their products.

He didn't realise it at the time, but he was dealing with fraudsters rather than a genuine employer. Shortly after starting, he was told he needed to "fund" his account. To do this, he used his Monzo account to transfer money to another account in his own name with a business I will refer to as W. He then transferred the funds from his W account into the control of the fraudsters.

The transactions from his Monzo account were as follows:

1	14 January 2024	£ 20.08
2	15 January 2024	£ 25.11
3	16 January 2024	£ 50.21
4	17 January 2024	£ 50.21
5	17 January 2024	£ 50
6	18 January 2024	£ 50.21
7	18 January 2024	£ 230
8	18 January 2024	£ 600
9	18 January 2024	£ 1,019
10	18 January 2024	£ 290
11	22 January 2024	£1,000
12	22 January 2024	£1,000
13	22 January 2024	£ 521
14	22 January 2024	£ 1,000
15	22 January 2024	£ 1,540

Once he realised he had been scammed, he reported the matter to Monzo. The bank declined to refund his losses. Mr S wasn't happy with that response and so he referred his complaint to this service. An Investigator considered the complaint and upheld it in part. They concluded that Monzo ought to have been concerned by the time Mr S requested payment 9 in the table above, given the multiple payments on the same day and the increasing amounts. He said that, if Monzo had intervened at that point, it would've

prevented Mr S from making payments 9 to 15. However, he also concluded that it was fair and reasonable for Mr S to bear partial responsibility for his own losses by way of contributory negligence.

Mr S accepted the Investigator's opinion, but Monzo disagreed. As a result, the case has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Monzo be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

I've considered Monzo's comments regarding Regulation 82 of the Payment Services Regulations 2017. This regulation sets out what steps a payment service provider (PSP) should take when it chooses not to process a customer's payment and the information it should make available to that customer. It doesn't set any limits or restrictions on how a PSP might exercise its discretion to decline to make a payment. Overall, I'm not persuaded it's relevant to the outcome here.

I've also taken into account the Supreme Court's decision in *Philipp v Barclays Bank UK PLC [2023] UKSC 25*. 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 is 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 customer'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, the terms and conditions applicable to Mr S's Monzo account conferred on it rights (but not obligations) to:

1. Block payments where it suspects criminal activity on the account, or to protect the customer from fraud.
2. Refuse to make a payment if it suspects the customer is a victim of fraud. Not make a payment if it reasonably believes the payment may be connected to a scam, fraud, or other criminal activity.

The starting position at law, therefore, 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 had a contractual right to delay payments to make enquiries where it suspected fraud.
- It could therefore refuse payments, or make enquiries, where it suspected fraud, but it was not under a contractual duty to do either of those things.

Whilst the current account terms did not oblige Monzo to conduct fraud checks, I do not consider any of these things (including the implied basic legal duty to make payments promptly) precluded it from carrying out fraud checks before making a payment.

Whilst Monzo was not required or obliged under the contract to undertake checks, I am satisfied that, 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 APP fraud and have taken additional steps, or carried out additional checks, before processing payments in some circumstances – as in practice all banks, including Monzo, do.

The Investigator pinpointed payment 9 as the point at which Monzo should've been concerned, and I'd agree with that conclusion. The first eight payments wouldn't reasonably have stood out from the bank's perspective. However, I think a pattern began to emerge by payment 9. Mr S had sent multiple payments to his own account with W on the same day and the value of those payments was increasing. That pattern of account activity was consistent with a number of potential scam types.

However, I'm mindful that any intervention by Monzo needed to be proportionate to the risk presented by the payment – so while I wouldn't have expected a human led intervention, I think the risks were sufficiently clear that a proportionate response would've been for Monzo to have presented a written warning. It should have asked Mr S what the purpose of the payments was to identify potential scam types. From the evidence that's been shared with me, Mr S wasn't asked to mislead Monzo regarding the purpose of the payments, so I'm satisfied it's more likely than not that he'd have answered this question openly and honestly. This ought to have enabled Monzo to recognise that the scam he was being targeted by was a task-based job scam. It should then have provided him with a warning based on the most commonly occurring features of that scam type.

The circumstances of this work opportunity were closely aligned with those of the typical version of this scam. I therefore think it's likely that such a warning would've resonated with him. I can't see any reason why he would've wanted to go ahead with the payments in the circumstances and so I'm persuaded that such a warning would've dissuaded him from doing so.

### *Other issues*

Monzo has pointed out that Mr S didn't experience any loss on his Monzo account. The payments set out above were made to an account in his own name. Further steps were required for that money to end up under the control of the fraudsters. Monzo says, in those circumstances, it shouldn't be held liable for his losses. However, I think Monzo ought to have been aware of the growing prevalence of 'multistage' scams where money is moved through multiple accounts like happened here. It should've been alive to the possibility that,

while Mr S was paying an account in his own name, it might have been in connection with a scam.

I've also considered whether it would be fair and reasonable for Mr S to bear partial responsibility for his own losses. In doing so, I've taken into account the principles of contributory negligence, while remaining focused on what I consider fair and reasonable in the circumstances. Having done so, I'm satisfied that Mr S should fairly bear a portion of the responsibility. He accepted the role following unsolicited contact and did so without any formalities i.e. there was no written contract, nor a clear explanation of how the arrangement would operate. I'm also mindful that the nature of the arrangement was unusual and inconsistent with typical employment practices. Most people reasonably expect to be paid by their employer, not the other way around. Given these factors, I believe Mr S ought to have exercised significantly more caution and so I find it fair for liability to be shared between him and the firm.

Mr S made a separate complaint to this service regarding the actions of W. An Investigator considered that it too should've done more to protect Mr S from financial harm due to fraud. He said that, in his view, a fair way to resolve matters was for liability to be split three ways between the parties – i.e. Mr S should be reimbursed two third of his losses with Monzo and W paying one third each. In practice, W agreed to settle the complaint with Mr S by reimbursing 50% of his losses – more than the Investigator would've recommended. The Investigator said that Monzo should make up the difference – i.e. put Mr S in the position he would've been in if the case had originally been resolved with liability split three ways and he'd received a reimbursement of 66% of his losses. I'm satisfied that represents a fair way of resolving this complaint.

### **Final decision**

For the reasons I've explained above, I uphold this complaint in part. If Mr S accepts my final decision, Monzo Bank Ltd needs to pay him

- 16% of the money he lost from payments 9 onwards; and
- 8% simple interest on those payments calculated to run from the date they left his account until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 December 2025.

James Kimmitt  
**Ombudsman**