

## **The complaint**

Mr H complains Monzo Bank Ltd didn't do enough when he was the victim of identity theft and fraud.

## **What happened**

Mr H has an account with Monzo and accounts elsewhere.

Mr H says he received a text from a delivery company saying he'd missed a delivery and needed to book a new date and pay a £1 charge. He says he later received a phone call apparently from the FCA saying that his accounts had been compromised.

Mr H says that following this call his details were used to take out loans and that he was tricked into making a number of payments. He says he had just over £23,000 stolen from him across all of his accounts. Mr H says he contacted the businesses involved when he discovered he'd been defrauded – including Monzo – and all of them refunded his money with the exception of Monzo. He complained to Monzo about a £7,000 loan and £4,200 that had been withdrawn from his savings.

Monzo said it was looking into Mr H's complaint but needed more time so he could, if he wanted to, complain to us. Mr H did so, saying that he wanted Monzo to refund the remaining £2,200 of savings he'd not recovered and the £7,000 loan cleared. Monzo subsequently offered Mr H a total of £200 in compensation – in two separate final responses – but said that he'd been grossly negligent and so it was going to hold him liable.

One of our investigator's looked into Mr H's complaint and said that Monzo shouldn't hold him liable for the loan and should refund the £2,200 he lost as a result of the scam. In addition, our investigator recommended that Monzo correct any adverse information it had recorded against Mr H and pay £300 in compensation and write off the loan and any debts as a result of it. Monzo disagreed with our investigator's recommendations saying that it was Mr H who had applied for the loan – and not anyone else – and that Mr H should, therefore, be held liable. Monzo asked for Mr H's complaint to be referred to an ombudsman for a decision. His complaint was, as a result, 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.

Last month I issued a provisional decision in which I said the following:

*"Having looked at the file and having spoken at length to Mr H, I agree with Monzo that Mr H applied for the £7,000 loan but also accept that he was tricked into doing so. I agree too with Monzo that there were some red flags here but accept that Mr H was put under considerable pressure by scammers and so do not agree that missing those flags was gross negligence. For those reasons, I don't think it's unfair of Monzo to expect Mr H to repay the loan principal but I do think it's unfair for Mr H to be bound by the terms and conditions of the loan. In effect, I agree that Mr H needs to repay £7,000 to Monzo.*

*Having looked at Mr H's statements, and having considered what could fairly and reasonably have been expected of Monzo at the time, I do think Monzo should have been concerned that Mr H was falling victim to a scam when he tried to pay another £3,500 to his business account on 9 December 2023 given that he'd just had the loan proceeds paid into his account and had already paid £3,700 to his business account earlier on that morning as well as making a second large payment to a money transfer service. At this point, I think that a pattern was emerging. I also think that Monzo should have stopped the £3,500 and reached out to Mr H. Had it done so, I'm satisfied that Monzo and Mr H would have both realised he was falling for a scam. In other words, I'm satisfied that Monzo failed to prevent a further £6,400 in losses and I'm minded to say that Monzo should refund those payments together with 8% simple interest from the date of payment to the date of settlement.*

*Monzo has already accepted that it didn't handle Mr H's claim and complaint as well as it should have done and has offered £200 in compensation. Our investigator recommended £300. I am, however, satisfied that Monzo's actions have caused a substantial amount of additional distress and inconvenience on top of that caused by the scammer – for which it wouldn't be fair to hold Monzo liable. I'm minded to award £500 in compensation for this.*

*I don't think it's fair that Monzo has recorded adverse information about Mr H on his credit file. The award I'm minded to make is also approximately £7,000. In the circumstances, I don't think it would be unreasonable for Monzo to write off the loan using the refunds I'm minded to make and remove the loan and any adverse information from Mr H's credit file in full and final settlement of this complaint. So, that's the award I'm minded to make."*

Both parties were invited to reply to my provisional decision and both did so, in detail. Mr H said that he welcomed the fact that my provisional decision, in effect, wiped out the loan as if it had never happened. He did, however, say that £2,200's worth of his personal savings were still unaccounted for, and he thought that that loss should be refunded too. He also thought that Monzo should have intervened much earlier as it should have been obvious earlier on that something wasn't right. Alternatively, Mr H said that he'd be willing to consider £1,100 in compensation from Monzo for its involvement. In other words, the equivalent of 50% of his outstanding savings back. Monzo agree that Mr H shouldn't be bound by the terms and conditions of the loan, so said it was happy to waive interest and remove the adverse credit file information. Monzo also agreed to the £500 compensation I'd suggested. Monzo also agreed, broadly speaking, with what I'd said about payments on Mr H's account

being unusual and when they became unusual and that it should have intervened at that point. The only area that Monzo didn't agree with me was on the size of the refund. Monzo said that the payments in question had gone to another bank and it should be liable for the subsequent losses. Monzo said that Mr H might get a double credit and that he should have repaid the loan if he'd had the loan proceeds refunded.

In this case, I'm satisfied that Mr H has recovered most of the £23,000 he lost to what was a cruel scam – because the other banks involved reimbursed him quickly. More importantly, I'm satisfied that once all the refunds Mr H received have been taken into account, he was left with losses of just over £9,000. In other words, the amount of the loan plus the outstanding amount from his savings. In this particular case, given everything I've said about the loan and the circumstances in which it was taken out, and given the payments that Monzo could and should have prevented, I remain of the view that a fair outcome is that the loan is, in effect, wiped out in full and final settlement of this complaint. That's because the award I remain of the view I should make is approximately £7,000 and that's the amount that Monzo agrees it would be fair to hold Mr H liable for. That does mean Mr H has lost over £2,000's worth of savings as a result of this scam, but not the £23,000 he could have.

### **Putting things right**

For the reasons I've given, I remain of the view that Monzo writing off the loan that Mr H took out and removing the loan and any adverse information from Mr H's credit file is a fair outcome. So, that's the award I'm going to make.

### **My final decision**

My final decision is that I'm upholding this complaint and require Monzo Bank Ltd to write off the loan that Mr H took out using the refunds and compensation I'd otherwise award and to remove the loan and any adverse information from Mr H's credit file in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 February 2025.

Nicolas Atkinson  
**Ombudsman**