

The complaint

Mr S has complained that Monzo Bank Ltd won't refund the money he lost after falling victim to a scam.

What happened

In summer 2024, Mr S was looking for work and was contacted by scammers posing as a genuine recruitment agency. They recruited Mr S for a remote job in another company, again spoofed to mimic a genuine one.

Mr S was asked to complete daily tasks. But he kept getting special tasks where he'd need to pay in his own money to clear negative balances and earn extra commission.

Over the course of a few days, Mr S sent over £4,500 from his Monzo account to his own account at a cryptocurrency exchange via card payments. He then bought crypto and sent it on to the scammers' platform. He was asked for increasing amounts and was unable to withdraw his earnings.

Mr S reported the scam to Monzo shortly afterwards. Monzo didn't think it was liable for Mr S's loss.

Our Investigator looked into things independently and partially upheld the complaint. Monzo didn't agree, so the complaint's been passed to me to decide.

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.

There's no dispute that Mr S authorised the payments involved, even if he didn't intend for the money to end up with scammers. So under the Payment Services Regulations and the terms of his account, Mr S is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, the duty to avoid foreseeable harm for its customer, and what I consider to have been good industry practice at the time, I consider that Monzo should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;
- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;

- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

Like our Investigator, I find that by the eighth payment (of £514.86), the activity stood out as being remarkable and should've prompted Monzo to intervene. By that point, a good deal of payments had gone out very rapidly, with often just a minute or two between them. The spending was notably larger than Mr S's usual activity, it formed a suspect pattern by that point, and I can't see any comparable activity in the preceding period. The payments had drained his account, then he'd taken out loans to continue making them. This spending was out of character for this account, and it went to a cryptocurrency site. And by this point, the Financial Conduct Authority (FCA) and Action Fraud had published warnings about cryptocurrency scams, there was wide media coverage, and other leading firms had restricted such payments. So Monzo should've had a good understanding of the risk of crypto scams and how they work.

In reaching my decision that Monzo should have made further enquiries, I've 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. In summary, among other things, it said:

- 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 consumer's instructions where it reasonably believed the payment instruction was the result of APP Fraud; though the court said that 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 terms and conditions gave it rights (but not obligations) to refuse to complete a payment if it suspects the customer is a victim of fraud or suspects criminal activity, and to contact the customer about this.

So the starting position in 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 had a contractual right to make enquiries where it suspected fraud.
- It could therefore refuse payments, or make enquiries, where it suspected fraud, even if it was not under a contractual duty to do either of those things.

While the account's terms did not oblige Monzo to do fraud checks, I do not consider that any of these things (including the implied basic duty to make payments promptly) precluded Monzo from making fraud checks before making a payment.

And while Monzo was not required or obliged under the contract to make checks, I am satisfied that, taking into account longstanding regulatory expectations and requirements, its duty to its customer, and what I consider to have been good practice at the time, it should *fairly and reasonably* have been on the lookout for the possibility of fraud, and should have taken additional steps – or made additional checks – before processing payments in some circumstances, such as in the circumstances of this case.

So for the reasons I've explained, I find that Monzo should have intervened in this case.

Had Monzo intervened at that point and asked reasonable questions, it seems most likely that it could have uncovered the scam and stopped any further loss. I've seen nothing to suggest that Mr S would not have been honest about what he was doing – he thought he was just working a job, he hadn't been told to lie if questioned, and he was up front with Monzo when he spoke to them shortly after. Had Monzo given better warnings tailored to Mr S's answers, which set out the key details of such scams, I think that would've most likely resonated with him. And this was a relatively prominent type of scam, so I think Monzo would've been able to quickly identify what was happening and prevent it in person-to-person intervention. In his contact with the scammers, Mr S had already showed doubts about what they were telling him. And I've found no reason why Mr S would not have listened to Monzo – it is a well-known name in banking, and he went to Monzo himself for help shortly after.

Monzo argued that it should not be held liable because the payments went to an account in Mr S's name. But Monzo should have fairly and reasonably been on the lookout for potentially fraudulent payments, even if the payments were going to another account in the customer's name. There were prominent scams which involved paying an account in one's own name – like this one. And identifying and preventing such scam payments would've still had the effect of preventing a loss to its customer. So Monzo could still be held liable for a loss which resulted from its failure to intervene – which is what I've found to have most likely been the case here.

So I think that Monzo bears some liability for the loss from the eighth payment onwards.

I've also thought carefully about Mr S's role in what happened. I can understand why Mr S was initially drawn in, not least given that the scammers had mimicked genuine companies. But I'm afraid I think Mr S ought to have had more concerns along the way about what he was being told and asked to do. For example, he had to pay to work, it was paid in crypto investments, and he was even encouraged to take out loans under false pretences to fund this. No legitimate employer would work that way. And Mr S had been contacted with an offer of extremely high pay for simple, fully remote work which only took an hour or two a day and required no skills or experience. He wasn't given any contract or documents to ensure the job was legitimate, which at the time Mr S remarked himself was suspicious. And by the eighth payment, I can't see that Mr S had a reasonable basis to believe the scammers. By that point, they'd been messing him around quite a lot, such as by telling him this was the last time he'd have a negative balance only to give him another shortly after, and not letting him access his funds. So I don't think I can fairly hold Monzo solely liable for Mr S's loss. I think Mr S should also share liability for that loss.

Lastly, I've considered what Monzo did to try to recover Mr S's money after he told Monzo about the scam. As these were card payments to Mr S's own crypto accounts, then he'd sent the crypto on, the payments weren't covered by the CRM Code for scams, and it wasn't possible for Monzo to reverse the payments. There was no realistic prospect of success for a chargeback either, as there was no chargeback reason which would've been appropriate here. A chargeback would've been a claim against Mr S's own crypto exchange rather than the scammers. And the exchange provided the service they were supposed to. So there was nothing more Monzo could've reasonably done to get the money back.

Overall, I think Monzo bears partial liability for the loss, and it should settle the complaint in the way I've outlined below.

Putting things right

I direct Monzo Bank Ltd to:

- Refund 50% of the loss from the eighth payment (of £514.86) onwards; and-
- Add simple interest at the rate of 8% simple per year onto the refund, payable from the date each partially-refunded payment debited until the date of the refund.

If Monzo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr S how much tax it's taken off. It should also give Mr S a tax deduction certificate if he asks for one. Mr S may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

My final decision

For the reasons I've explained, I uphold Mr S's complaint in part, and direct Monzo Bank Ltd to put things right by doing what I've said above.

If Mr S accepts the final decision, Monzo Bank Ltd must pay him within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 September 2025.

Adam Charles
Ombudsman