

The complaint

Mr A is complaining that Monzo Bank Ltd hasn't reimbursed him for payments he made to a scam.

What happened

Both parties are familiar with the circumstances of this complaint so I won't go into detail here.

In short, Mr A fell victim to a job scam in December 2023, after filling in a form he found online. He was then contacted by the scammer over a messaging app, and offered a job opportunity reviewing products and completing tasks to earn commission. He was asked to deposit funds via cryptocurrency to earn more commission.

Mr A made ten payments, totalling over £6,000, to a cryptocurrency platform from his Monzo account, and sent the funds on to the scam.

Mr A realised he'd been scammed a few days later, when he realised he'd need to keep depositing higher amounts to earn commission, which he was then unable to withdraw. He contacted Monzo to report the scam.

When Mr A didn't hear anything back from Monzo, he raised a complaint with us which was looked into by one of our Investigators. In the meantime Monzo contacted Mr A to say it wouldn't be providing a refund of the scam payments – and it then went on to respond to his complaint by reiterating it wouldn't provide a refund, but it did pay £75 in compensation to his account for its handling of the scam investigation.

When our Investigator looked into things, he thought Monzo should have done more to prevent Mr A's loss. Because he also thought Mr A should share responsibility for the loss, he asked Monzo to refund 50% of the last two payments Mr A made to the scam.

Monzo didn't agree – so Mr A's complaint has been passed to me for review and a 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'm upholding it, in part, and for broadly the same reasons as our Investigator. Monzo replied to the Investigator's view with some more points, which I've addressed in an attempt to resolve things informally, but it's not provided any reasons to say why it still disagrees. That being the case, I don't intend to go into great detail here.

Broadly speaking, Mr A is responsible for any payments made from his account which are properly authorised, as they were here. And Monzo has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017) and confirmed in Mr A's account terms and conditions.

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Monzo ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Sometimes, that will mean stopping a payment so that the customer can be questioned directly about it.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that firm becomes responsible for the customer's loss. And so, in Mr A's case, it's for me to determine if Monzo made any errors over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Mr A's losses as a result.

Monzo should also have been aware of the increase in multi-stage fraud when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years and it's a trend Monzo ought fairly and reasonably to have been aware of at the time of the scam too.

The fact that the money used to fund the scam wasn't lost at the point it was transferred to Mr A's own account does not alter that fact and I think Monzo can fairly be held responsible for Mr A's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

Our investigator found that Monzo ought to have stepped in to question what was happening at the time of the ninth payment to the scam, which was for £1,439.06. I agree that the payment activity had become sufficiently unusual by that point to warrant intervention, given the frequency of the payments and the combined value of funds sent to a cryptocurrency platform on the same day (which was by that point was around £3,771). This activity bore the hallmarks of a potential scam and should have caused Monzo some concern that Mr A was at risk of financial harm.

I think a proportionate intervention here would have been for Monzo to ask Mr A a series of questions designed to narrow down the specific scam risk, and to have given him a warning tailored to that risk – in this case, a job scam. The warning would have set out the key features of job scams, such as making payments to gain employment, promoting products, or being paid for 'clicks' or 'likes.' I acknowledge that any such warning relies on the customer answering questions honestly and openly, but I've seen nothing to indicate that Mr A wouldn't have done so here.

If Mr A had received such a warning, I think he would have realised that the job opportunity he had taken shared many of the key features of a job scam, and I've not seen anything to make me think the warning wouldn't have resonated with him. So, I think such a warning would have prevented Mr A from making any further payments to the scam.

I'm then satisfied Monzo can be fairly and reasonably held partly responsible for Mr A's loss.

I also agree with the Investigator that Mr A should share responsibility for the loss equally with Monzo. I think there were some suspect elements to the scam that ought fairly and reasonably to have led Mr A to question the legitimacy of the job opportunity (although I appreciate some aspects of it may have looked sophisticated). For instance, Mr A was

apparently asked to review products that he hadn't used, which I think should have raised some concerns with him. And it would also be very unusual for a legitimate job opportunity to involve making payments to an employer, through cryptocurrency, in order to be paid a higher commission.

Monzo did attempt to recover the payments from the cryptocurrency platform shortly after Mr A first reported the scam. Perhaps unsurprisingly, recovery wasn't successful because Mr A had already sent the funds on as part of the scam, so it's difficult to see how recovery would ever have been possible here.

Monzo has also paid Mr A £75, for the delay in providing him with the outcome of its scam investigation and for the adviser he spoke to not offering to log a complaint. I appreciate this was frustrating for Mr A, but I think £75 is fair and reasonable taking into account the impact the delay has had on Mr A (and I can see he referred his complaint to us in the meantime.)

Putting things right

I've found that Monzo Bank Ltd ought to have done more to here to prevent Mr A from making payments to the scam. To put things right, Monzo Bank Ltd should:

- Refund 50% of Mr A's payments to the scam, from the payment of £1,439.06 onwards; and
- Pay interest at 8% simple per year from the date of the payments to the date of settlement, for Mr A's loss of use of the funds (less any tax lawfully deductible.)

My final decision

My final decision is that I uphold this complaint, in part. Monzo Bank Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 April 2025.

Helen Sutcliffe
Ombudsman