

The complaint

Mrs N complains that Monzo Bank Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In November 2022, Mrs N received a text message from someone who said they were from a recruitment company and had a potential job for her. And as Mrs N had been looking for work, she replied and was then contacted by someone who said they worked for an online marketplace and the job involved reviewing products online.

Mrs N was given access to the company's platform, where she could see the tasks she could complete and the commission she had earned. And she was shown how to purchase cryptocurrency, which she would use to pay for some of the tasks she was to complete, and send it on to the platform. Mrs N then made a number of payments from her Monzo account to purchase cryptocurrency, which she then sent on to wallet details she was given for the company.

Unfortunately, we now know the company and the job were a scam. The scam was uncovered after Mrs N was told she had to pay increasingly large amounts of money before she could withdraw the profit the platform showed she had made. Mrs N then realised she had been the victim of a scam, reported the payments to Monzo and asked it to refund the money she had lost.

Monzo investigated but said it had shown Mrs N warnings before a number of the payments and then made the payments in line with her instructions. So it didn't agree to refund the money she had lost. Mrs N wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Monzo to have done would have prevented the scam, so they didn't think Monzo should have to refund the payments. Mrs N disagreed with our investigator, so the complaint has been 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.

Banks are expected to make payments in line with their customers' instructions. And Mrs N accepts she made the payments here. So while I recognise she didn't intend for the money to ultimately go to scammers, she did authorise the payments. And so the starting position in law is that Monzo was obliged to follow her instructions and make the payments. So Mrs N isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think 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 account providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But, even if Monzo had identified that Mrs M was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented her loss. I'll explain why below.

I'm satisfied Monzo ought to have identified that Mrs N was at heightened risk of financial harm from fraud by at least the point she tried to make the payment for £5,000 on 30 November 2022. At this point she had made a number of payments over the past few days to a number of new payees, and had tried to make four payments on that day totalling over £12,000 – which matches a pattern of payments often seen when customers are falling victim to a scam.

I think a proportionate response to the risk I think Monzo should have identified at this point would have been for it to carry out some sort of human intervention with Mrs N to attempt to establish the circumstances surrounding the payment, before allowing it to debit her account. But, had it done this, I'm not satisfied it would have prevented Mrs N's loss.

I've seen evidence of communication Mrs N had with another bank she was sending money from as part of this scam. This other bank stopped a payment Mrs N was trying to make and spoke to her about it. It explained the payment had been flagged as potential fraud and asked Mrs N why she was making it. But Mrs N said the payment was for a friend she had known for a long time who had asked to borrow money from her – despite this not being an accurate explanation of why she was making the payment. Mrs N also said the friend lived close by and had come to her house to ask for the money, and had specifically asked to be paid in cryptocurrency.

The other bank then warns Mrs N that criminals are using sophisticated investment scams with the aim of getting people to hand over money, and that they can appear legitimate with websites and marketing materials. It explains fraudsters will often ask people not to disclose information to their bank to make sure a payment goes through and that, if this is fraud, Mrs N may not be able to recover her money. And it says it is concerned that the payment Mrs N is making is not legitimate and so it is not willing to allow it to go through. But Mrs N responds that she is frustrated that the bank is stopping her sending her own money and that she will find another way to send it.

So even if Monzo had contacted her and asked probing and in-depth questions about the payments she was making here, I think Mrs N would likely not have given it accurate or complete information about the purpose or circumstances surrounding them – as happened

with the questions she was asked by the other bank. And even if Monzo had then refused to make the payment, I think Mrs N would then likely have found another way to make it – as she did when the other bank refused to make a payment. So I don't think anything I would have expected Monzo to have done would have stopped Mrs N from making the payments or losing the money she did here.

I appreciate that Mrs N has been the victim of a cruel and sophisticated scam and that my decision will come as a disappointment to her. She has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Monzo's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected it to have done would have prevented the loss she suffered. And so I don't think it would be fair to require Monzo to refund the money Mrs N has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 22 April 2025.

Alan Millward
Ombudsman