

## The complaint

Mrs F is complaining about Monzo Bank Ltd because it declined to refund money she lost as a result of fraud.

## What happened

Sadly, Mrs F fell victim to a cruel scam. She received a message she thought was from her boss asking her to buy gift cards that would be distributed to her colleagues as a reward. Once the gift cards were bought, Mrs F sent pictures of the codes to the scammers who were then able to spend them.

Mrs F purchased six gift cards from a supermarket. To fund these purchases she used her card to make six separate payments of £200 on 13 March 2024 at 14.04, 14.05, 14.06, 14.06, 15.38 and 15.45.

While Monzo didn't agree to refund any of the payments made by Mrs F, it did accept failings in its response to her claim meant it took longer to provide an answer than it should have and offered £125 compensation for any distress and inconvenience caused.

## My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be partly upheld. My reasons were as follows:

*In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.*

*In this case, there's no dispute that Mrs F authorised the above payments.*

*There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.*

*Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.*

*Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs F.*

## *The payments*

*Having considered what Monzo knew about the payments at the time it received the initial payment instructions, I don't think there was any particular reason to suspect Mrs F may be at risk of harm from fraud. As Monzo, has pointed out, the payments were to a well-known retailer and were relatively low value.*

*As the scam unfolded and more payments were made, I think there is a compelling argument that Monzo should have become concerned about what was taking place. I think it would be unusual for a consumer to make so many purchases in the same place for identical amounts in such a short space of time and that behaviour could be consistent with some types of financial crime. So I do think Monzo should have intervened at some point and declined further payments, most likely when it received the instruction for the third or fourth payment.*

*I've thought carefully about what type of intervention would have been appropriate and proportionate in this situation. Based on the limited information it had, I don't think Monzo could reasonably have been expected to identify the type of fraud that was taking place such that it could provide a tailored warning about this particular scam. Based on the pattern of spending, and assuming it wasn't legitimate, I think the most likely explanation would have been that Mrs F's card had been stolen or cloned and a fraudster was obtaining as much benefit from it as they could before it was stopped.*

*While I think Monzo should have identified there was a risk of fraud, I don't think a human intervention involving a bank agent contacting Mrs F to ask a number of questions about the payments was required. Instead, in view of the information it had and any perceived risks associated with the payments, I think an appropriate and proportionate step would have been for Monzo to have sent Mrs F a message asking her to confirm if she was actually the one making these payments.*

*I've also thought carefully about the effect a warning of this type would have had and whether it would have made a difference to the overall outcome. But, on balance, it's my view that Mrs F would have wanted to continue with the payments. It was Mrs F making the payments and I don't think a message asking her to confirm this would have done anything to help her realise she was the target of a scam. She's also explained that the request she received appeared genuine, using her name and that of her boss, and she genuinely believed she was carrying out an important task. I understand Mrs F had only been in the job a short time and it's understandable that she was keen to impress and wouldn't necessarily have realised what she was being asked to do was unusual. For all these reasons, I don't think it's likely that a proportionate intervention by Monzo of the type I've described would have been successful in stopping the scam.*

*I want to be clear that it's not my intention to suggest Mrs F is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Monzo and, having done so, I'm not persuaded these were the cause of her losses.*

## *Recovery of funds*

*I've also looked at whether Monzo could or should have done more to try and recover Mrs F's losses once it was aware that the payments were the result of fraud.*

*As the payments outlined above were card payments, the main route to recovery would have been through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.*

*A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.*

*In this case, it doesn't appear a chargeback claim had any prospect of success. Mrs F paid a legitimate merchant and received what she paid for (the gift cards). Her disagreement is with the scammers, not the supermarket and it wouldn't have been possible for Monzo to process a chargeback claim against the scammer as she didn't pay them directly. So I don't think anything that Monzo could have done differently would have led to these payments being successfully recovered.*

#### *Claim handling*

*Mrs F reported the fraud to Monzo on the same day as it took place, 13 March 2024. Monzo has provided details of its online conversations with Mrs F from this point and these reveal a number of shortcomings in its response. These include:*

- She was asked to complete six separate dispute forms, one for each payment. Monzo subsequently accepted this was unnecessary as she was reporting a scam not raising disputes.*
- Monzo appears to have continued pursuing chargeback claims nearly two months after the scam was reported and wrote to her on 8 May to explain why her money hadn't been recovered successfully.*
- She was asked multiple times for her version of events, often using exactly the same questions she'd already answered.*
- Despite repeatedly explaining that she was suffering financial difficulty as a result of the scam, it took Monzo until 4 June to respond to her scam claim. This was nearly three months after she reported it and more than two months after she made a complaint on 21 March.*

*Understandably, I think it's clear that this whole episode has caused Mrs F a great deal of distress and inconvenience. I'm conscious that most of this should be attributed to the actions of the scammers, but I think the shortcomings in Monzo's response would only have compounded the situation and I believe she should be appropriately compensated for this.*

*Monzo seems to have already accepted its failings meant it took much longer to answer Mrs F's scam claim than it should have. It's already offered her compensation of £125 to reflect this but I don't think that's sufficient.*

*The amount to award for a customer's distress and inconvenience can be difficult to assess as the same situation can impact different consumers in different ways. But in the circumstances of this case, I think Monzo should pay total compensation of £400 for its part. If Mrs F has already received the £125 offered previously, it would need*

*to pay a further £275. Monzo doesn't appear to be disputing this aspect of the investigator's assessment.*

*In conclusion*

*I recognise Mrs F has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a disappointment but, for the reasons I've explained, I don't think any further intervention by Monzo would have made a difference to the eventual outcome and I won't be telling it to make any refund.*

*But I do think the way Monzo handled the situation after Mrs F reported what had happened fell far short of the standard she was entitled to expect and I propose that it should pay compensation totalling £400 for the unnecessary distress and inconvenience this caused.*

*I'm currently satisfied this represents a fair and reasonable settlement of this complaint.*

### **The responses to my provisional decision**

Monzo accepted my provisional decision. Mrs F said that she felt a call from someone at Monzo to question the payments would have brought her to her senses and led her to question her boss. But in the interest of bringing things to a close, she confirmed her acceptance also.

### **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.

As both parties accepted my provisional decision, my findings haven't changed from those I set out previously.

In answer to Mrs F's comments, I don't doubt that a call from Monzo could have made a difference. My point was rather that the nature and size of the payments here didn't really warrant that type of intervention. Instead, I think a text message asking Mrs F to confirm it was actually her making the payments would have been an appropriate and proportionate response. And based on everything I've seen, I don't think that would have made a difference in this case.

### **Putting things right**

As previously set out, Monzo should pay Mrs F compensation totalling £400. If the £125 previously offered has already been received by Mrs F, it would only need to pay a further £275.

### **My final decision**

My final decision is that I uphold this complaint. Subject to Mrs F's acceptance, Monzo Bank Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 27 March 2025.

James Biles  
**Ombudsman**