

The complaint

Mr H has complained that Monzo Bank Ltd (“Monzo”) failed to protect him from falling victim to an employment scam, and hasn’t refunded the money he lost.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr H has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr H, but I’d like to reassure Mr H and his representative that I’ve considered everything both parties have said.

Mr H has explained that around April 2024 he came across what he believed to be a remote job opportunity while searching online for ways to earn passive income. He says he completed a registration form and was then contacted by an individual (“the scammer”) on a messaging app. who explained he could earn commission by completing simple ‘review’ tasks for well-known products like t-shirts or household appliances. Mr H explains the tasks were presented on a professional-looking platform and they were completed under the belief that he was improving the visibility of the products by simulating purchases and leaving five-star reviews.

Mr H says he was told he’d earn 0.5% of the value of each reviewed product as commission, but in order to carry out the tasks he had to make upfront deposits using cryptocurrency. Each task used up some of his deposit, and he’s described how his on-screen balance increased with each task completed, which reassured him that the system was working. He was also added to a group chat with other supposed “employees” who also chatted about their jobs, adding to the sense that this was a legitimate opportunity.

Mr H was told he could withdraw his commission once he completed a full set of tasks, but he says that as he worked through the tasks the deposits required for each one became more expensive. When he asked to withdraw his money, he was told he’d have to pay further fees to unlock his earnings. The scammer applied pressure, saying his commission was “high risk” and that another payment was needed to release it. Mr H says he was even encouraged to borrow from friends and family to complete the set and recover his money.

Early in the scam, around £100 was returned to Mr H’s cryptocurrency wallet, which he took as a sign that the scheme was genuine. He reinvested this money back into the tasks. Over time the amounts he paid continued to increase and he was never able to access the commission he believed he had earned. The scammer remained in regular contact with him throughout and he says the overall experience, including the group chat, realistic website, and consistent communication, made the scam seem entirely plausible.

In order to facilitate the scam Mr H funded his Monzo account with payments from an account he holds with a high street bank. He then made nine debit card payments to a

legitimate cryptocurrency platform. From there, he sent cryptocurrency to wallets directed by the scammer, under the impression he was paying for the tasks.

The payments Mr H made were as follows:

	Date	Amount
1	03/04/2024	£58
2	04/04/2024	£165
3	04/04/2024	£169.26
4	04/04/2024	£169.22
5	04/04/2024	£85.72
6	04/04/2024	£1,129.68
7	04/04/2024	£3,132.38
8	07/04/2024	£3,337.06
9	07/04/2024	£3,337.06
	Total	£11,583.38

Mr H says he'd only opened his Monzo account a few weeks earlier as he intended to use it while travelling abroad due to its low fees. When Monzo stopped one of the transactions, he explained he was buying cryptocurrency and shared screenshots of his wallet. Monzo then released the payment but Mr H says after further transactions left his account Monzo blocked it entirely. Mr H says it didn't tell him why, and each time he asked for an update, he was simply told to wait for a response from a "specialist team".

Mr H didn't initially report the scam to Monzo. His complaint focused on what he felt was poor customer service – mainly that his account had been frozen without clear explanation, and that he was left in the dark after raising concerns. He also believes Monzo should've done more to recognise the signs of a scam and protect him from financial harm.

Monzo upheld Mr H's complaint about his account being frozen, as it said it should've unrestricted the account sooner than it did, and it paid Mr H £60 for the inconvenience it caused. It didn't uphold the complaint in relation to the scam as it said that on 5 April 2024 it declined a payment for £6,668.35 for further checks before allowing it to be processed. It also said Mr H's loss didn't occur when he sent the funds from his Monzo account to the cryptocurrency platform, but instead when Mr H sent the cryptocurrency on to the scammer, and the cryptocurrency platform would've therefore been responsible for warning Mr H about scams at that point.

Mr H remained unhappy so he referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. She said she thought Monzo ought to have intervened before Mr H made the seventh payment, given the value of the payment and the pattern of payments that preceded it. But she also thought Mr H should bear some responsibility for the loss, so she recommended Monzo refund Mr H half of payments seven to nine.

As Monzo didn't accept the investigator's opinion, the case has been passed to me to make 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 Mr H's complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr H authorised these payments from leaving his account. It's accepted by all parties that Mr H gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mr H's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Should Monzo have recognised that Mr H was at risk of financial harm?

Mr H's Monzo account was opened shortly before the scam took place, and it had only been used to receive one payment before Mr H credited it, in order to use his debit card to make the first cryptocurrency transaction.

Whilst that in itself doesn't mean Monzo ought to have been on notice Mr H was at risk of financial harm, it's one of the factors I'd have expected Monzo to take into account.

I don't think Monzo ought to have been concerned about the first six payments Mr H made. The values of those payments were relatively low, and even when combined, the total amount remains low enough that I'd consider it reasonable for Monzo to process the payments without intervening.

Whilst Monzo didn't have any knowledge of the way Mr H typically used his account, by the time Mr H made payment seven I think there was enough going on that Monzo had sufficient reason to suspect Mr H might've been at risk of harm. This was the sixth payment on the same day in a pattern of generally increasing values, and the payments were rapidly depleting the account's balance, which had been funded by credits into the account shortly before the payments were made.

I'm also satisfied that it was clear to Monzo that the payments were being made to a cryptocurrency platform. Cryptocurrency-related fraud had reached record levels by 2022 and in line with the evolving landscape and increasing fraud risks, by the end of 2022 many banks had placed restrictions or additional security measures on cryptocurrency-related transactions. So by the time the payments were made, in April 2024, Monzo should've been aware of the elevated level of risk associated with cryptocurrency-related transactions.

Taking everything into account, I consider it would've been proportionate for Monzo to intervene before Mr H made payment seven. This was the sixth payment in one day that was being made to an identifiable cryptocurrency platform, and the payments were funded by credits into the account shortly before they were made. This, plus the pattern of increasing values, should've given Monzo an indication that Mr H was at risk of financial harm, and Monzo ought to have intervened accordingly.

What kind of warning should Monzo have given to Mr H?

Given the clear scam indicators present at the time, taking into account the value and nature of the payment, as well as paying due regard to the FCA's Consumer Duty and the direction of good industry practice, I agree that Monzo should've asked Mr H a series of questions

about the payment he was attempting to make, particularly given that it involved cryptocurrency – a known red flag in the context of task-based or job-related scams.

Had Monzo asked the right questions, I think it would've uncovered enough detail to identify the specific type of scam Mr H was caught up in, which in this case was an employment scam. Once that risk had been identified, Monzo should've provided a more tailored and meaningful warning – one that clearly explained the key features of this sort of employment scam, including the typical structure of being asked to pay to unlock commission or earnings that would never materialise, or the involvement of cryptocurrency-related payments.

Although Monzo says Mr H transferred the funds to his own cryptocurrency account before making the payments, I think Monzo would've been aware that's how this type of scam generally tends to work. So although I accept what Monzo says in relation to the payment journey is factually accurate, that doesn't mean it didn't have a responsibility to be alive to the risks of financial harm to Mr H, and it also doesn't give it a valid reason for not intervening when there were sufficient warning signs present.

I note Monzo says the payments Mr H made were within his daily limits – and I accept that on face value, that may've been the case. But as Monzo will be aware, risk is generally not assessed based on one facet alone, and taking into account the multiple risk factors present, Monzo should've intervened at payment seven – despite Mr H not having exceeded his daily payment limit.

Would an intervention have made a difference?

In considering when I think it would've been appropriate for Monzo to intervene, I've also gone on to think about whether that would've made a difference to the outcome for Mr H. And having thought carefully about that, I think it would.

I've started by listening to a call between Mr H and the bank the funds originated from, and when questioned about the reason for the payment Mr H says he's transferring the funds to Monzo in order to purchase cryptocurrency. Whilst the other bank didn't probe this any further, based on the fact that Mr H was honest with the information he did disclose, I can't conclude he wouldn't have been honest if Monzo had questioned him about the payments.

I'm mindful that at one point in a chat between Mr H and the scammer he was told not to tell his bank that he's using cryptocurrency. But when Mr H was asked for the purpose of the payment on 5 April 2024 when Monzo stopped it, he disclosed he was purchasing cryptocurrency. At that point the scam still hadn't been uncovered, but Mr H had clearly chosen not to follow the scammer's instructions not to disclose that he was using cryptocurrency, and I see no reason to think he wouldn't have done the same if asked the same question a day earlier, when Mr H made payment seven.

I'm mindful that in Monzo's response to our investigator it said it was "entirely speculative" to suggest Mr H would've been honest if he had been asked about the purpose of the payments. I agree there is no way of knowing for certain how Mr H would've reacted; but I'm satisfied on the balance of probabilities, and based on the points above, he would've been honest.

I'm also mindful that the merchant's name on the payments was a known cryptocurrency provider, so I don't think Mr H would've been able to hide this if he was asked by Monzo, even if he intended to follow the scammer's instructions. And I'd then have expected Monzo to ask further probing questions in order to understand the context behind Mr H purchasing cryptocurrency, at which point I'm persuaded effective questioning could've uncovered the scam.

Bearing these points in mind I'm satisfied that if Monzo had intervened in the way it ought to have at payment seven, it would've likely uncovered the scam, resulting in a better outcome for Mr H.

Is it fair and reasonable for Monzo to be held responsible for Mr H's loss?

In reaching my decision about what is fair and reasonable, I've taken into account that Monzo was the bank between the origin of the funds and the point they were sent to the scammer as cryptocurrency.

But as I've set out above, I think that Monzo still should have recognised that Mr H might have been at risk of financial harm from fraud when he made payment seven, and in those circumstances it should have asked Mr H a series of questions with a view to showing him a better automated warning about employment scams. If Monzo had taken those steps, I'm satisfied it would've prevented the losses Mr H suffered. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr H's own account doesn't alter that fact and I think Monzo can fairly be held responsible for Mr H's loss in such circumstances. I don't think there's 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.

I've also considered that Mr H has only complained against Monzo. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr H could instead, or in addition, have sought to complain against those firms. But Mr H hasn't chosen to do that and ultimately, I can't compel him to. In those circumstances, I can only make an award against Monzo.

I'm also not persuaded it would be fair to reduce Mr H's compensation in circumstances where: he's only complained about one respondent from which he's entitled to recover his losses in full; he hasn't complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it's appropriate to hold a business such as Monzo responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me, and not those which haven't been or couldn't be referred to me. And for the reasons I've set out above, I'm satisfied that it would be fair to hold Monzo responsible for Mr H's loss from payment seven, subject to a deduction for Mr H's own contribution which I'll consider below.

Should Mr H bear any responsibility for his losses?

In reaching my decision, I've carefully considered whether Mr H should bear some responsibility for the losses he suffered.

While I accept that the scam was sophisticated and designed to appear credible, I don't think Mr H took reasonable steps to verify the legitimacy of the job opportunity he believed he was being offered.

There's no evidence that Mr H carried out any checks on the recruiter who contacted him, or the platform he was directed to use, and I'm not aware that he was provided with any formal contract or employment documentation.

It's also highly unusual to be asked to make payments – particularly in cryptocurrency – in order to earn money or commission from working, and I don't think it was reasonable for Mr H to accept that as part of a legitimate employment process. He asked the scammer on 2 April 2024 whether the job was genuine, which shows he had concerns, but I don't think he scrutinised the response he was given with the caution that I might've been expected in the circumstances.

Taking everything into account, I think it would be fair to say that both Mr H and Monzo could have done more to prevent the loss caused by this scam. So I've concluded that responsibility for the losses from payment seven onwards should be shared equally between Mr H and Monzo.

I note Mr H's comment that he may have received a credit from the scammer early in the scam, although this was never withdrawn and was invested back into the scam. So I haven't considered this as Mr H benefiting from the credit in any way, and I therefore I'm not suggesting Monzo deducts this from Mr H's refund.

Recovery of the funds

As all of the payments in relation to the scam were made using Mr H's debit card, the chargeback process is a relevant consideration here. A chargeback may be raised when, for example, a merchant doesn't provide a service that was paid for or if it provides goods that are significantly different to what was expected.

In this case Mr H paid the cryptocurrency exchange for the service of exchanging his funds into cryptocurrency. As Mr H received the cryptocurrency from the merchant, the service is deemed as having been fulfilled by the merchant, so Monzo wouldn't have had grounds to raise a chargeback.

So I wouldn't have expected Monzo to raise chargebacks for these payments as there was no reasonable prospect of them succeeding.

Putting things right

To put Mr H back in the position he'd have been in had Monzo done what it should've, Monzo needs to:

- Refund 50% of payments seven to nine and;
- Pay 8% simple interest on each amount, from the date each payment left Mr H's account until the date of settlement*.

*If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one.

My final decision

I uphold Mr H's complaint and require Monzo Bank Ltd to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 May 2025.

Sam Wade

Ombudsman