

The complaint

Miss H complains that Monzo Bank Ltd won't refund the money she lost when she fell victim to a job scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss H says she was in a difficult financial state and seeking opportunities to improve her circumstances when she received a text message from Person A (the scammer) who said they represented Company B, offering her a remote online job completing video reviews.

Miss H explains that she:

- Was in a vulnerable position at the time of the scam. She had Attention Deficit Hyperactivity Disorder which can make it difficult to process complex financial situations, especially under pressure. Also, she was struggling with her mental health.
- Researched the name and company online and found that the name matched an employee on a social networking platform specifically designed for professional networking and career development and they appeared legitimate.
- Received what she considered to be an official-looking contract and identity card.
- Gained access to an account on a professional looking platform which showed her activity and earnings.
- Was led to believe she was part of a messaging platform with thousands of other workers.
- Could see screenshots showing other people being paid and receiving money into their bank accounts.
- Was convinced it was a legitimate job and was manipulated into transferring increasingly larger amounts of money to receive the money she'd paid in, to complete tasks, pay tax and access her commission.

Miss H was informed that she had to make payments to company B to release her money for tasks.

In order to make some of the payments Miss H had to borrow money. She did this by applying for increases to her overdraft facility with Monzo.

Miss H paid the scammers by:

- Initially making faster payments to named individuals from her Monzo account.
- Then crediting her account with another firm (Company C) from her Monzo account and then crypto to the scammer from a crypto exchange.

The scammer guided Miss H on how to make the crypto payments.

As can be seen in this table, between 12 and 15 January 2025, Miss H made nine payments to the scammers and received five credits from the trial stage which further influenced her that the job was genuine.

Payment Number / Credit	Date	Payment method	From / To	Credit	Debit
Credit	12/01/2025	Faster payment	Person Z	£5.00	
Credit	13/01/2025	Faster payment	Person Z	£10.00	
1	13/01/2025	Faster payment	Person Z		£10.00
Credit	13/01/2025	Faster payment	Person Z	£22.00	
Credit	13/01/2025	Faster payment	Person Z	£10.00	
2	13/01/2025	Faster payment	Person Z		£30.00
3	13/01/2025	Faster payment	Person Z		£5.00
Credit	13/01/2025	Faster payment	Person B	£55.50	
4	14/01/2025	Faster payment	Person V		£10.00
5	14/01/2025	Faster payment	Person V		£99.00
6	15/01/2025	Faster payment	Miss H's Firm C Account		£1.00
7	15/01/2025	Faster payment	Miss H's Firm C Account		£618.00
8	15/01/2025	Faster payment	Miss H's Firm C Account		£1000.00
9	15/01/2025	Faster payment	Miss H's Firm C Account		£600

When there was an issue releasing her earnings and Miss H couldn't pay any more money she realised she had been scammed. So, she complained to Monzo requesting a refund of the larger amounts lost and not the smaller faster payments to Person Z and V. Miss H's reasoning included the following points:

- The payments she'd made were highly unusual and inconsistent with her typical account activity. Monzo should've seen them as suspicious and uncharacteristic.
- *'At no point during these transactions do I recall receiving any clear or impactful warnings about the risks of investment scams or cryptocurrency-related fraud. Effective warnings could have alerted me to the possibility of fraud and prevented this loss'.*
- Despite the payments following overdraft increases they didn't see this as a red flag and check in with her.
- *'Given the sudden increase in borrowing, along with the unusual payments that I was sending to crypto accounts (especially considering I had never interacted with these platforms before), as well as my vulnerabilities, I still feel Monzo could have taken a moment to pause or check in, especially considering these payments came immediately after the overdraft was approved and then increased again'.*

Monzo declined Miss H's complaint and refund claim after considering the relevant codes and explaining why they didn't intervene. So, Miss H escalated her complaint to our service.

It was only when the complaint was with our service that Monzo realised that the smaller payments to Person Z and V (Payments 1 to 5 in the above table) were part of the scam. Although this didn't change their view on intervention and refunding the other larger amounts (Payments 6 to 9) they agreed to refund these payments under the Payment Systems Regulator statutory reimbursement framework less the amounts she had received back from the scammers.

Our investigator considered Miss H's complaint but couldn't see Monzo had done anything wrong.

As Miss H remains dissatisfied her complaint has been passed to me to look at.

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, my decision is not to uphold this complaint, and I'll explain why.

I should first say that:

- I'm very sorry to hear that Miss H has been the victim of this cruel job scam and lost a significant amount of money here.
- I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, doesn't apply to faster payments 6 to 9 as both accounts were under your control.
- I'm pleased to hear that Monzo have agreed to refund payments 1 to 5 and I don't think it was unreasonable for them to deduct the amounts Miss H received back from the scammers.

I considered the Payment Services Regulations 2017 (PSR) and Consumer Duty.

PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Miss H made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have 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 banks are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make 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.

Consumer Duty

The FCA's Consumer Duty was in force at the time these payments were made. This requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams.

From July 2023, Monzo had to comply with the Financial Conduct Authority's "Consumer Duty" which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Monzo was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Monzo was also required to look out for signs of vulnerability. However, although I'm satisfied Miss H is a vulnerable customer, I can't see that prior to 15 January 2025 Monzo were aware of her health issues.

I then considered the following question:

Should Monzo have recognised that Miss H was at risk of financial harm from fraud and intervened?

Although cryptocurrency transactions were new to Miss H and cryptocurrency does carry a higher risk and isn't a regulated activity, it isn't unusual for consumers to use or invest in cryptocurrency and it is common for them to use crypto exchange companies. So, I wouldn't expect a financial firm to intervene for small payments where they've identified they are going to a cryptocurrency account / firm.

In addition, small payments to another bank / cryptocurrency company that would provide warnings to account holders about the risk and have a fuller picture of the payments, would also lower the risk factor.

Monzo process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.

The first six of nine payments were all very low amounts with £99.00 being the highest and four were below £30.00. So, despite them being to new payees, and three payments on one day, I don't think any of these could be determined to be out of character or unusual.

Job scams tend to start off with early credits, to gain trust and confidence, and then payments progressively increase becoming larger and larger. Whilst Monzo would be aware of this type of pattern I can't see that this had yet emerged. It could've emerged at payment number 9, but that payment was a lesser amount than payment number eight and all the payments were for relatively low amounts (although I appreciate they were high to Miss H) and importantly they were in line with other payments she had made in the preceding months.

I think it probable, if Miss H hadn't run out of money, that both the transaction velocity and value would've quickly increased after payment 9, and, if that had happened, I would've then expected a Monzo intervention.

Miss H points out that to pay the scammers she increased her overdraft. I considered whether Monzo should've asked her why she needed the overdraft increases and Monzo explained that the overdraft was predetermined, dating back to 2019, so release of funds up to the maximum didn't require an application or any questioning. As mentioned above, I don't think Miss H deciding to make cryptocurrency investments and the pattern would've been a reason for Monzo to intervene in either her pre-agreed overdraft or payments 1 to 9.

Finally, I considered whether Monzo should've done more to recover Miss H's funds when she contacted them to report a scam had taken place.

As Miss H made payments to an account held in her own name and then on to the scammer, I don't think Monzo could've been expected to recover the funds. They would've already been removed from Miss H's crypto account so unfortunately there would've been nothing left to recover when the scam was reported.

In conclusion, I recognise Miss H has been the victim of a cruel scam and I'm very sorry she's lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Monzo acted fairly and reasonably in its dealings with her, so I won't be upholding this complaint and asking them to make any refund.

My final decision

For the reasons set out above, my final decision is to not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 9 September 2025.

Paul Douglas
Ombudsman