

The complaint

Mr G complains that Monzo Bank Ltd will not refund money he lost to a scam.

What happened

Mr G said he made the following payments as a result of a safe account scam.

Payment	Date	Time	Type of transaction	Amount
1	13 September 2023	17:00	Card payment	£3,900
2	13 September 2023	17:06	Card payment	£3,100
3	13 September 2023	17:15	Card payment	£2,800
4	13 September 2023	17:26	Faster payment to R	£650
5	13 September 2023	17:29	Faster payment to R	£630
6	13 September 2023	17:30	Faster payment to R	£610
7	13 September 2023	17:30	Faster payment to R	£590
8	13 September 2023	17:30	Faster payment to R	£570
9	13 September 2023	17:31	Faster payment to R	£550
10	13 September 2023	17:31	Faster payment to R	£530
11	13 September 2023	17:32	Faster payment to R	£510
12	13 September 2023	17:33	Faster payment to R	£490
13	13 September 2023	17:33	Faster payment to R	£470
14	13 September 2023	17:34	Faster payment to R	£450
15	13 September 2023	17:34	Faster payment to R	£430
16	13 September 2023	17:35	Faster payment to R	£410
17	13 September 2023	17:36	Faster payment to R	£390
18	13 September 2023	17:36	Faster payment to R	£370
19	13 September 2023	17:37	Faster payment to R	£350
20	13 September 2023	17:37	Faster payment to R	£330
21	13 September 2023	17:38	Faster payment to R	£310
22	13 September 2023	17:38	Faster payment to R	£290
23	13 September 2023	17:39	Faster payment to R	£270
24	13 September 2023	17:39	Faster payment to R	£250
25	13 September 2023	17:44	Faster payment to R	£230

26	13 September 2023	17:44	Faster payment to R	£210
27	14 September 2023	17:28	Faster payment to R	£1,000
28	14 September 2023	17:29	Faster payment to R	£1,000
29	14 September 2023	17:29	Faster payment to R	£1,000
30	14 September 2023	17:29	Faster payment to R	£1,000
31	14 September 2023	17:30	Faster payment to R	£1,000
32	14 September 2023	17:31	Faster payment to R	£1,000
33	14 September 2023	17:32	Faster payment to R	£1,000
36	14 September 2023	17:51	Faster payment to R	£1,000
37	14 September 2023	18:47	Faster payment to R	£1,000
38	14 September 2023	18:48	Faster payment to R	£1,000
39	14 September 2023	19:15	Faster payment to R	£921
40	14 September 2023	19:16	Faster payment to R	£901
41	14 September 2023	19:16	Faster payment to R	£881
42	14 September 2023	19:18	Faster payment to R	£861
43	14 September 2023	19:19	Faster payment to R	£841
44	14 September 2023	19:20	Faster payment to R	£821
45	14 September 2023	19:50	Faster payment to R	£1,000
46	14 September 2023	19:51	Faster payment to R	£1,096.44

In summary, Mr G said he received a phone call from someone claiming to be from the National Fraud Agency who said they were representing Monzo. The scammer told Mr G that his account was compromised and to transfer his funds to a new account to keep it safe. Under the instructions of the scammer, Mr G took out a large loan, made several card payments, and transferred funds to his account with a third-party bank I'll call "R" before sending the funds on to the scammer. Mr G said he expected the scammer to telephone the following day and when they did not, he realised he had been scammed. He reported the matter to Monzo but it didn't refund the money he lost and it didn't uphold his subsequent complaint.

Our investigator thought the complaint should be upheld. She thought the bank should have intervened in the second payment and had it done so, it could have prevented Mr G's losses. However she didn't think Mr G had acted reasonably. Our investigator concluded that Monzo, R and Mr G should share equal responsibility for the money that was lost.

Mr G accepted our investigator's view but Monzo did not. It offered to refund the card payments Mr G made, but it doesn't think it should be held responsible for payment instructions to another account Mr G owns and is in control of with another bank, in this case R.

As an agreement could not be reached, the complaint has been passed to me for a final 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.

In broad terms, the starting position at law is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. There is no dispute here that Mr G authorised the payments. And in accordance with the Payment Services Regulations and the terms and conditions of the account, he is responsible for the loss.

However, taking into consideration the relevant regulatory rules and guidance, codes of practice and good industry practice, Monzo should have looked at the wider circumstances surrounding the transaction before making the payment and taken steps to keep its customer's accounts safe. Therefore, it ought to look out for payments which might indicate that its customer is at risk of financial harm due to fraud. So, I've thought about whether Monzo acted fairly and reasonably here, I don't think it did and I'll explain why.

I think Monzo ought reasonably to have declined the second payment and enquired further about its purpose. I say this because, Mr G had taken out a loan for £25,000 and increased his overdraft limit on the same day. While Mr G had on occasions made payments of a similar value, this was the second payment he made within minutes and of a similarly large value. Taking all this into consideration and the value of the payments involved I think Monzo ought to have been concerned that Mr G might be at greater risk of financial harm. In the circumstances I think human intervention by a member of staff would have been appropriate. It ought to have contacted Mr G to discuss the circumstances surrounding payment 2 and provided tailored warnings relevant to the scam risk it identified.

Whilst I appreciate that Mr G was guided by the scammer to make the payments, he was not given a detailed cover story or coaching to answer questions that may arise. Therefore I think it is likely that Mr G would have answered its questions honestly. As such, I think Monzo would have been able to identify that Mr G had been told that his account had been compromised and someone had attempted to take a loan out in his name. That he had been told to take out a loan and make the payments to reverse the impact of this on his credit file. I think this alone would have raised suspicions and the bank would likely have been able to uncover the scam.

Mr G went on to make further payments including more than 40 transfers over two days to R and I find this pattern of spending unusual. He also transferred funds held externally into his Monzo account and proceeded to drain the account of the funds. I think the payments bore the hallmarks of a safe account scam.

I appreciate that the transfer to R were payments to an account in Mr G's name and under his control before he sent them on to the scammer. 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. Monzo should by September 2023, have been aware of the increase in multi-stage fraud when considering the scams that its customers might become victim to. As such, I find Monzo missed several opportunities to intervene.

As I've set out in some detail above, I think that Monzo should have recognised that Mr G might have been at risk of financial harm from fraud when he made payment 2, and in those circumstances, it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Mr G suffered. The fact

that some of the money used to fund the scam wasn't lost at the point it was transferred to Mr G's own account does not alter that fact, and I think Monzo can fairly be held responsible for Mr G's loss in such circumstances.

I have also considered whether Mr G was negligent and should bear some responsibility for the loss. I accept that there were aspects of the scam that would have appeared genuine and I can understand why he might have thought he was speaking to the genuine fraud prevention agency. However when the scammer asked Mr G to take out a loan to protect his credit score, I think this should have appeared unusual to him and caused him to stop, even more so when he was asked to increase his credit limit. Had he stopped and questioned the matter further or contacted the bank directly, I think he would have come to the realisation that he was being scammed.

I appreciate that Mr G is the victim of a terrible crime and lost a considerable amount of money and I sympathise with him. But I don't think he acted reasonably in the circumstances therefore I think it's fair to hold Mr G equally responsible for the loss.

Our investigator considered the actions of R and determined they should be held equally liable for the loss from payment 4 onwards, which it accepts. Monzo offered to refund payments 1 to 3 in full, but I don't think its offer goes far enough to compensate Mr G in the circumstances. I think it is equally responsible for the loss Mr G incurred including that of the transfers he made to R. Therefore, for the reasons given I'm satisfied Monzo ought fairly and reasonably to reimburse a share of the loss from payments 2 onwards.

My final decision

For the reasons I have outlined above, my final decision is that I uphold this complaint and require Monzo Bank Ltd to:

- Refund payments 2 and 3 less 50% for contributory negligence.
- Refund 33% of payments 4 to 46.
- It should also apply 8% simple interest, per year, for loss of use of the money during this time - calculated from the date of each payment to the date of settlement.

If Monzo Bank Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 August 2025.

Oluwatobi Balogun
Ombudsman