

The complaint

Mr J is unhappy Monzo Bank Ltd will not refund the money he lost as the result of an APP (authorised push payment) scam.

What happened

As both parties are aware of the details of the scam, I will not repeat them in full here. In summary, Mr J fell victim to a job/task scam. He was contacted via text by a recruitment company and offered the opportunity to complete tasks (improving app rankings) to earn commission. He was told that to access the tasks he first needed to set up a 'task account' and then send funds to it via a cryptocurrency exchange where he already held a digital wallet. He did so and successfully completed orders and withdrew earnings back to his crypto wallet. He was then asked to deposit more funds to cover a 'super order' so he made the following faster payments to his digital wallet. And from there he moved the funds to his task account.

payment	date	time	value, £
1	20/01/2025	15:44	2,000
2	20/02/2025	18:54	5,313

Mr J realised he had been scammed when even after making these payments he was presented with a negative balance in his task account and was asked for more money, and was unable to withdraw his previous deposits.

Mr J says Monzo must refund the payments under the new regulations introduced in October 2024 that made scam reimbursement mandatory.

Monzo says it was not the point of loss. Also, as Mr J had previously made undisputed payments to the same cryptocurrency exchange, the activity wasn't out of character for his account.

Our investigator upheld Mr J's complaint in part. She said Monzo ought to have intervened at payment 2 and would most likely have broken the spell of the scam. But as Mr J was also negligent the liability for the loss should be shared between the parties equally

Mr J accepted this assessment. Monzo did not and asked for an ombudsman's review. It said Mr J had an existing relationship with the payee so it was not out of character for his account; the value was not concerning given the affordability of that payment for Mr J; the payment was made through open banking and the guidelines state there should be no unnecessary friction. As payment 2 was going to an account in Mr J's own name any intervention would have been unnecessary friction. And there was nothing suspicious about the incoming payments that same day so no intervention was justified there either.

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.

To note, as the payments were made to an account in Mr J's name, the Faster Payment Scheme's (FPS) mandatory reimbursement rules for APP scams that Mr J referenced are not applicable.

There's no dispute that Mr J made and authorised the payments. I don't dispute Mr J was scammed and he wasn't making payments for the reason he thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017. However it doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that by January 2025 Monzo should fairly and reasonably have:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving, including the use of multi-stage scams involving cryptocurrency, and the different risks these can present to consumers, when deciding whether to intervene.

In this context I find Monzo can be held liable in part for Mr J's loss from payment 2. I'll explain why.

By payment 2 I think there were enough characteristics of potential fraud that Monzo needed to make an intervention and provide Mr J with a tailored warning. I say this based on both its stand-alone value, and as it took his cumulative spend on cryptocurrency that day to a level which ought to have been concerning, given the accepted higher level of risk associated with crypto. The fact Mr J has previously bought crypto from the same payee may reduce, but certainly does not negate, this risk.

Mr J has also received two incoming payments to in effect payment 2. Monzo argues there was nothing about these transactions that was suspicious, but this misses the point – it was the pattern of the incoming credits to fund the crypto purchase that warranted further consideration, not any of the characteristics of the credits in isolation.

Monzo argues that it knew Mr J could afford this level of spend. It knew his salary and that he lived with his parents, so he had ample disposable income. But the affordability of a payment does not change the potential risk of a transaction so that comment doesn't change my finding. It also jars somewhat with the circumstances of this case as Monzo could see Mr J was funding the payment from the two external credits he had just received (which we know retrospectively were informal loans).

Finally, Monzo also argues it would have been wrong to intervene as payment 2 was made

via open banking and the guidelines set out that no unnecessary friction is to be applied – and this is what an intervention would have been. I disagree. An open banking payment is a faster payment and Monzo's obligations are the same as I have previously set out in this decision. Monzo, as an ASPSP (account servicing payment service provider), can intervene in open banking payments for fraud detection and prevention purposes the same as it would with any other faster payment that displays risk factors. And in such circumstances an intervention would not be unnecessary friction.

This means I need to decide what the impact of a proportionate intervention would most likely have been.

Since 31 July 2023, when the FCA's new Consumer Duty came into force, there has been an obligation on firms to avoid foreseeable harm to customers. The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23) gives an example of foreseeable harm:

“consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”

This means a proportionate warning should ask a series of questions in order to try and establish the actual scam risk. And by January 2025 given the prevalence of job/task scams we'd expect a firm to have both questions and warnings tailored towards the key risks of those scams.

Had Monzo intervened in this way I have found no reason to think Mr J would not have answered honestly. There is no evidence from the scam chat that the scammer had given Mr J a cover story to use with the bank.

So in this case I am satisfied that a warning that referenced the hallmarks of job/tasks scams (for example - unsolicited contact, commission rates that were too good to be true, joining other 'employees' on WhatsApp groups, mandatory upfront payments with no documentation explaining how they would be reimbursed) would have resonated with Mr J. So he would most likely not have made payment 2.

This means I find it is fair to hold Monzo liable in part for the loss from payment 2.

Should Mr J bear some responsibility for the overall loss?

I've considered carefully whether Mr J should hold some responsibility for his loss by way of contributory negligence. Accepting that he is not the fraud expert - that is the role of Monzo, I do think he missed some clear signs that the opportunity might not be legitimate. Having to pay money upfront to do a paid job is unusual and should have raised Mr J's suspicions, particularly as it seems Mr J had no contractual terms of employment to review and accept, nor was there any documentation setting out the terms of the upfront payments. And to have to make such payments in cryptocurrency should also have been a red flag.

In the round, I have not seen that Mr J carried out an adequate level of independent checks to address these anomalies before going ahead. It follows I think the parties are equally liable.

I am therefore instructing Monzo to refund 50% of Mr J's loss from payment 2.

Did Monzo do what it should to try to recover Mr J's money?

As Mr J knows, he moved the funds from his digital wallet onto the scammer so there was no reasonable prospect that Monzo would be able to recover any of the funds from the beneficiary account. This means I can't say there was any failing in this regard on Monzo's part.

Putting things right

Monzo must:

- Refund 50% of payment 2

There is no interest award as Mr J funded the payment by borrowing from a friend and family. As they are not party to this complaint, I cannot award them compensatory interest.

My final decision

I am upholding Mr J's complaint in part. Monzo Bank Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 9 October 2025.

Rebecca Connelley
Ombudsman