DRN-5610727

The complaint

Mr B complains that Monzo Bank Ltd ('Monzo') won't refund the money he lost to a scam.

He's represented by a firm of solicitors. To keep things simple, I'll refer to Mr B throughout this decision.

What happened

In summary, in February 2024, Mr B was messaged by an individual (a scammer) about a remote job opportunity. He says the contact wasn't unexpected as he'd been applying for jobs. And that the scammer came across as professional and knowledgeable.

The scammer posed as an 'account manager' for a company (I'll call 'D'). For the job itself, it was explained his role at D would involve reviewing/rating various products online to boost sales – and that he'd earn commission for completing the sets of 'tasks' he was assigned.

As part of the process, he was required to deposit his own funds. These were paid in cryptocurrency which he purchased through his account with a crypto-exchange (I'll call 'K'). He realised he'd been scammed when he'd run out of money and the scammer began recommending that he take out a loan to fund further 'tasks'. By that time, about £4,700 had been sent and lost to the scam across two days in February 2024.

Below are the payments I've considered as part of this complaint:

	Date	Method	Payee	Amount
1	19-Feb-24	Card payment	Mr B's a/c with K	£100
2	19-Feb-24	Card payment	Mr B's a/c with K	£700
3	19-Feb-24	Card payment	Mr B's a/c with K	£1,544.37
4	20-Feb-24	Card payment	Mr B's a/c with K	£2,345

The scam was reported to Monzo in March 2024. A complaint was then referred to our Service. Our Investigator considered it and upheld it. In brief, he thought Monzo ought to have done more to protect Mr B from the risk of financial harm and that, if it had, then his losses would have been prevented. He recommended a refund of all payments, plus interest, less 50% to account for Mr B's own contributory negligence towards his losses.

As the matter couldn't be resolved it was passed to me to decide.

Informal communication

Before issuing this decision, I emailed both parties informally on 16 May 2025 setting out the outcome I intended to reach on this complaint. In summary, I explained I didn't think there was enough for Monzo to have intervened on Payments 1-3 and that, unlike the Investigator, I didn't think payments should have been blocked automatically solely on the basis that notices had been published about K, the merchant used to buy the cryptocurrency.

I did however go on to say that, in my view, Monzo should have intervened on Payment 4, considering the level of spending and the account activity by that point and that a response, proportionate to the risk presented, would have been for Monzo to have asked a series of simple automated questions in the payment flow, in an attempt to narrow down a possible scam risk. I said that such an intervention would have likely led to Mr B being shown a relevant written warning. And, like the Investigator, I thought that a warning highlighting the key aspects of 'job' scams would have resonated with Mr B and prevented his further losses.

I also said that Mr B had played a part in what happened such that the redress Monzo needs to pay can be reduced by 50%. And I concluded that, to put things right, Monzo should refund Payment 4; reduce this amount by 50% to account for Mr B's contributory negligence; and pay 8% simple per year on this amount until date of settlement. To note, Mr B is aware of a £50 offer Monzo had made for poor 'complaint handling'. I've explained that, as the offer related to 'complaint handling', it's not something I'll be commenting on further here.

Mr B accepted that outcome. Monzo didn't. In summary it has said:

- The payments were me-to-me, to a wallet under Mr B's control. It has systems in place to look out for suspicious payments and the right balance in approach to protect its customers and not disrupt legitimate ones.
- Under the Payment Services Regulations (PSRs) it must provide a factual reason for refusing to make a payment. It had no factual reason for refusing to execute payments here. It considered the Supreme Court case of *Philipp V Barclays* in reaching its view.
- As Mr B was sending funds to his own account, the risk level was very low. Its payment monitoring system didn't trigger. Even if it had, we do not know for certain that this would have led to Mr B being provided with a relevant warning.
- K was a genuine merchant Mr B had paid before. He hadn't raised concerns about it previously and it's unreasonable for it to block a legitimate merchant. Just because the merchant is crypto-related, it doesn't inherently make it a scam firm. The payments were not unusual for Mr B's account. It disagrees it can be said that a pattern had been established, over a two-day period, to indicate a scam.
- The payments didn't fall under the Contingent Reimbursement Model ('CRM Code').

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 deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Having done so, I've decided to uphold this complaint for the reasons previously given.

The starting point under the relevant regulations (the Payment Services Regulations 2017) and the terms of Mr B's account is that he's liable for payments he's authorised. And as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, banks generally have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, the bank must carry out the instruction promptly. It's not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.

- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so

In this case, Monzo's account terms and conditions gave it rights (but not obligations) to:

- Refuse to make a payment where it suspects criminal activity on the account, or it suspects the customer is a victim of fraud.

So, the starting position at law was that:

- Monzo was under an implied duty at law to make payments promptly.
- It had a contractual right not to make payments where it suspected fraud.
- It could therefore block payments, or make enquiries, where it suspected fraud, but it was not under a contractual duty to do either of those things.

The account terms didn't oblige Monzo to make fraud checks, but I don't consider any of these things (including the implied basic legal duty to make payments promptly) precluded Monzo from making fraud checks before making a payment. And, whilst Monzo wasn't required under the contract to make checks, I'm satisfied, taking into account regulatory expectations and requirements – including the Financial Conduct Authority's (FCA) "Consumer Duty" and what I consider to have been good practice at the time – that Monzo should fairly and reasonably have been on the look-out for the possibility of fraud and taken additional steps, or made additional checks, before processing payments in some circumstances. In practice, this is something all banks, including Monzo, do.

Our Service has issued many final decisions setting out the relevant considerations we take into account when deciding what's fair and reasonable in these types of cases. I don't consider it necessary to repeat them all again here, though Monzo will be able to review these through past decisions on our website if it wishes to do so.

To summarise, however, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that, in February 2024, Monzo should fairly and reasonably:

- 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;
- 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 fraudulent practices are evolving (including, for example, the common use of multi-stage fraud by

scammers, the use of payments to cryptocurrency accounts as a step to defraud) and the different risks these can present to consumers when deciding if to intervene.

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

It isn't in dispute Mr B was scammed and that he authorised the payments from his account for the purchase of cryptocurrency that was then sent to the fraudster. I recognise Monzo wasn't the point of loss and it took further steps before the money was lost to the scam.

But it's also important to consider that, by February 2024, Monzo ought to have been aware of the risk of multi-stage fraud involving cryptocurrency for some time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. And, by the end of 2022, many high-street banks had taken steps to limit their customer's ability to buy cryptocurrency using their accounts or increase friction for such payments, owing to the associated elevated risk.

So, taking all this into account, I'm satisfied that, by February 2024, Monzo ought to fairly and reasonably have recognised its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that a payment would often be made to an account in the consumer's name. And, as a matter of what I consider to have been fair and reasonable and good practice, Monzo should have had appropriate systems for making checks and delivering warnings before processing such payments.

The introduction of the FCA's Consumer Duty, in July 2023, further supports this view. It requires Monzo to avoid causing foreseeable harm to its customers by, among other things, having adequate systems in place to detect and prevent scams. In light of the increase in multi-stage fraud, involving cryptocurrency, I'm not convinced the fact that payments went to accounts in a customer's name should have led Monzo to think there was no scam risk.

I've therefore considered, taking account of what Monzo knew about the payments, at what point, if any, it ought to have identified Mr B might be at a heightened risk of fraud.

The Investigator upheld the complaint from Payment 1 on the basis that Monzo should have blocked it (because of the FCA notice that had been published about K) and then questioned Mr B about the circumstances of his payment. As before, given the content of the FCA notice, I don't think Monzo should have automatically blocked payments to K. Even if I were to agree Monzo should have intervened to provide a warning about K, I wouldn't have expected such a warning to have gone beyond the content of the published notice. And I don't think such a warning (about K, for example, being unregulated) would have been enough to dissuade Mr B from making payments to the scam. The FCA notice was not relevant to what was happening to Mr B at the time. K wasn't the scammer and Mr B had used it before. I also don't think it be fair to find, without other significant factors present, that any intervention should have gone as far as questioning Mr B (as part of a 'live' intervention) about what he was doing.

However, I still think that Monzo should have intervened on Payment 4. By that time, Mr B was sending a significant amount to a crypto-exchange over a relatively short period of time. And I'm satisfied a pattern of spending (albeit over a two-day period) had started to develop with payments gradually increasing in value on an account that had typically been used for smaller transactions. I appreciate Mr B had paid K before; that K wasn't the scam merchant; and that many payments to cryptocurrency will be legitimate. But I'm satisfied, considering the factors I've set out surrounding Payment 4, that Monzo should fairly and reasonably have taken proportionate steps to establish if a possible scam might be taking place.

What kind of warning should Monzo have provided?

I've thought about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I recognise many payments that look similar to this one will be genuine. I've given due consideration to Monzo's primary duty to make payments promptly, as well as what I consider to have been good industry practice at the time.

As above, the FCA's Consumer Duty was in force when these payments came about and requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. This, in practice, involves maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warnings for customers. I'm also mindful firms like Monzo have had warnings in place for some time and have developed those warnings to recognise the importance of identifying both the specific scam risk in a payment journey and ensuring consumers interact with the warning.

The upshot is that, by the time the payments were made, I think Monzo should have had systems in place to identify, as far as possible, the actual scam that might be taking place to then enable it to provide more tailored warnings relevant to that scam.

In this case, Monzo ought to have known Payment 4 was to a cryptocurrency provider and its systems ought to have factored that in. It should also have known cryptocurrency scams have become increasingly varied over the past few years, where fraudsters have progressively turned to this as their preferred way of receiving a victim's money across a range of different scam-types – including 'romance', 'impersonation', and 'investment' scams. And, with all this in mind, I think that by February 2024, it ought to have attempted to pinpoint the potential risk further by, for example, asking a series of questions designed to narrow down the type of crypto-related scam risk associated with the payment.

We know that Mr B was falling victim to a 'job scam'. As such, I'd have expected Monzo to have asked a series of simple automated questions to establish if this was the risk presented. Once that risk had been established, it should have provided a written warning tailored to that risk and the answers Mr B gave. I'd expect such a warning to have covered the key features of this type of scam, such as making payments to gain employment, being paid for 'promoting products', and having to pay increasingly large sums to withdraw funds.

I realise such warnings rely on the customer answering questions honestly. And that we cannot know for certain how things would have played out if Monzo had taken steps to provide such a warning. But I've seen nothing to suggest Mr B wouldn't have answered honestly here. And, on balance, I think a proportionate intervention of the type I've described would have likely led to Mr B being shown a warning relevant to his situation at the time.

If Monzo had provided such a warning would that have prevented Mr B's further losses?

I think that a warning, of the type I've described, would have likely resonated with Mr B and he'd have identified his situation closely matched this increasingly common type of scam.

I again note Monzo's comments that we cannot know for certain how things would have played out if Monzo had taken steps to provide such a warning. But, as far as I'm aware, Mr B didn't receive any warnings specific to 'job scams' from any other source. I also note, from the messages he exchanged with the scammer, that he appears to have had concerns prior to Payment 4 about the repeated deposits he was being asked to make. I think it's significant here that he realised he'd been scammed quickly after the last payment had been made.

I don't think it would have taken much to help Mr B see that he was being scammed and it's likely a warning by Monzo covering the typical features of 'job scams' would have given him the perspective he needed. And because, on balance, I think it's unlikely he'd have gone ahead with Payment 4 after a warning matching what his situation looked like, I'm satisfied

Monzo can fairly and reasonably be held liable for his further losses in circumstances where, as I've found here, it ought to have done more to prevent them.

I'm aware the CRM Code doesn't apply and I don't think it's been suggested otherwise. I'm not persuaded this means I can't consider whether Monzo failed to act fairly and reasonably in this case. I've given my reasons for finding it should have done more and that, if it had, it's unlikely Mr B would have lost more money. I'm satisfied it's fair to hold Monzo liable for Mr B's losses (subject to a deduction for contributory negligence) in these circumstances.

Should Mr B share any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

As noted above, the Investigator upheld Mr B's complaint and concluded that the refund payable by Monzo can be reduced by 50% to account for his contributory negligence. Mr B accepted that outcome. So I'll only briefly explain why I agree with this position.

At its heart, the scam appears to have been fairly implausible. I cannot, for example, overlook that there was no contract about the job itself and that, while Mr B was offered the chance to earn money, he needed to deposit his own funds (in cryptocurrency) and then pay more as part of the process. I think all this would strike most people as unusual and that there were enough red flags overall that should have led Mr B to have acted more cautiously than he did.

In the circumstances, weighing up the role both parties played in what happened, I think liability for Mr B's losses should be shared and the refund payable reduced by 50%.

Could Monzo have done anything to recover Mr B's money?

All the disputed payments were made by card to Mr B's account with his cryptocurrency provider. Mr B then sent that on to the scammer. There was little Monzo could have done to recover those funds and a chargeback is unlikely to have been successful given there's no dispute Mr B received the cryptocurrency as intended before it was lost to the scam.

Putting things right

For the reasons I've given, I uphold this complaint and direct Monzo Bank Ltd to:

- Refund Payment 4.
- Reduce this amount by 50% to account for Mr B's own contributory negligence.
- Pay 8% simple per year on this amount from the date of the payment until date of settlement (less any tax lawfully deductible).

My final decision

For the reasons I've given, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 July 2025.

Thomas Cardia
Ombudsman