

The complaint

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

What happened

Mr K is represented in this case but for ease I'll refer to Mr K throughout this decision.

Mr K says that he saw a job advert on social media which required him to complete tasks online and to promote products and increase sales. He registered his interest and was contacted by a representative of a company I'll call E in this decision who explained the role. The representative explained that Mr K would be required to recharge his account by buying cryptocurrency and transferring it to wallet address details he was provided with. Mr K sent £800 to an individual to buy cryptocurrency using a peer to peer system on 25 May 2022. After completing a set number of tasks Mr K was told he would be able to withdraw commission.

Mr K became concerned when he was asked to pay further funds in order to complete tasks and when he was hesitant the representative of E said they would help him. Mr K didn't report the scam to Monzo but engaged legal representatives who issued a letter of complaint to Monzo in December 2022.

Monzo considered Mr K's claim under the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code), which it hasn't signed up to but has agreed to follow. It said Mr K authorised the transaction and was provided with a warning during the payment journey. Monzo went on to say that it had met the standards expected of it, but Mr K didn't complete enough checks to ensure the opportunity was genuine. This meant Monzo wasn't liable under the CRM Code.

Mr K wasn't happy with Monzo's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that the CRM Code didn't apply, and the transaction wasn't so unusual or out of character that Monzo ought reasonably to have recognised a scam risk and intervened, particularly given that the account was newly opened. The transaction also matched the reason Mr K gave Monzo for opening the account.

Mr K was unhappy with the investigator's findings and asked for a final decision, so his complaint has been passed to me. In summary, he said:

- Monzo should have been aware that the funds were used to purchase cryptocurrency and that there is an increasing risk of such payments relating to a scam. All payments to a cryptocurrency account should be deemed as high risk and Monzo should have completed further checks.
- In any event, the transactions were unusual and uncharacteristic as the account was newly opened and then Mr K bought cryptocurrency.
- Mr K completed checks and believed the opportunity was genuine.
- Mr K referred to FCA Principles of Business, other FCA obligations, the Payment

Services Regulations and the BSI Code and said Monzo should have provided him with a warning when the payment was made.

- Mr K's representative quoted extensively from the 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; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time. So I have taken into account guidance and rules set out by Mr K's representative including FCA Principles and the BSI Code.

The CRM Code doesn't apply in this case for a number of reasons, including the fact that the transaction to the scammer wasn't a faster payment between UK GBP denominated accounts (as required by the CRM Code). So, I can't consider Mr K's complaint under the CRM Code and the points made in response to the investigator's view aren't relevant. But I have thought about Monzo's wider obligations.

In broad terms, the starting position in law is that Monzo is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

But that's not the end of the story. 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 Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made 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.
- Have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I don't consider Monzo acted unfairly or unreasonably in allowing the transaction to be made. Mr K opened the account with Monzo the day before, so Monzo had no previous account history to compare it with. When he opened the account Mr K gave a broad range of reasons for opening it which included cryptocurrency, transfers, day to day spending and saving, so the transaction was in line with these reasons. And, although I appreciate the impact of the loss on Mr K, the value of the transaction was low. There's a balance to be struck; banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

Mr K's representative has referred to the increased risk of fraud because Mr K was buying cryptocurrency. But Mr K bought cryptocurrency from an individual via a peer to peer platform, meaning that Monzo had no way of knowing that Mr K was buying cryptocurrency. In any event, given the value of the payment, I'm not satisfied that Monzo ought to have done more than provide the new payee and generalised onscreen warning it gave to Mr K at the time he made the payment.

As Mr K received cryptocurrency from the recipient of his funds there was nothing Monzo could do to try to recover them.

Overall, whilst I'm sorry to hear about this cruel scam and Mr K's loss, I can't reasonably hold Monzo responsible.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 April 2024.

Jay Hadfield
Ombudsman