

The complaint

Mrs G complains that Monzo Bank Ltd ('Monzo') won't reimburse her after she was the victim of a scam.

What happened

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

Mrs G received a message from someone who said they were from a recruitment agency. The message said that Mrs G's details had been found on its database and that a company was looking for applicants for multiple positions. Details of one position were sent to Mrs G. The job involved working 30 to 60 minutes a day and earning 600 to 900 USDT a week.

Mrs G then received messages from someone else who said he was an agent of a company I'll call C. This person provided Mrs G with a link to C's website and said that C was a software development company and that the job was, "*to drive software to a more visible page*", making the software more popular. Mrs G then received a registration link and code to set up an account on C's platform.

Mrs G says she was told she'd receive tasks to review 40 apps and would receive commission, but to initiate tasks she needed to pay funds upfront (although she was advised these funds would be returned with her commission). Mrs G was also required to open an account at a cryptocurrency exchange and to link it to her account with C so that she could be paid in cryptocurrency. On 29 November 2022 Mrs G made two payments of £2,500 around half an hour apart. I understand that both payments went to a company that would send USDT into Mrs G's cryptocurrency account.

Mrs G successfully completed the tasks for the first couple of days but as time went on the tasks became expensive and Mrs G had to pay more to release her funds. She became concerned and contacted the genuine company C and was told that it wasn't involved in paying commission for tasks to be completed.

Mrs G didn't report what had happened to Monzo but instructed a representative who sent a letter of complaint in March 2023. Monzo responded to this and said Mrs G authorised the transactions and was shown an appropriate warning prior to making the first payment. Monzo went on to say that Mrs G didn't seem to have questioned the true identity of C or completed enough checks before making the payments.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in part. She noted that the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) doesn't apply, but Monzo should have recognised the second payment was unusual and asked questions about it which would have prevented the loss. But Mrs G should share responsibility for her loss for various reasons including the fact she was messaged out of the blue, the genuine C doesn't perform the service Mrs G was asked to do, there was no contract and Mrs G provided an inadequate explanation for the use of unregulated cryptocurrency.

Monzo didn't agree with the investigator's findings. It said:

- It has systems in place to detect unusual payments, but Mrs G's transactions didn't

trigger them.

- It's not uncommon for customers to make higher value payments for larger purchases or to consolidate loans and it can't be expected to intervene in all of them.
- The spending wasn't rapid as funds entered the account some time before the payments were made.

Mrs G asked me to consider some points which I have summarised below:

- This was a sophisticated job scam using a clone of a genuine software company and Mrs G's checks didn't identify anything alarming.
- The messaging app used is a recognised social media platform used by employers and other professionals.
- Remote access part-time jobs aren't unusual, and it was Mrs G's first experience of one so she didn't know what to expect or how it would differ from an office-based job.
- Mrs G received a contract from C.
- Mrs G went through an induction process, training and had access to an employee chat forum.

The complaint has been passed to me to decide.

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.

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

Mrs G's funds went to a company that was registered on Companies House as a computer technology business days before her transfers. I'm uncertain exactly what happened but it appears Mrs G bought USTD that was credited to a cryptocurrency account in her own name before being transferred to the scammer's wallet. The CRM Code only applies to faster payments between UK GDP accounts, so it isn't relevant here. In any event, I consider the overall outcome of this complaint would be the same under the CRM Code.

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.

In this case, I don't consider Monzo acted unfairly or unreasonably in allowing the first payment to be made. It was for a relatively small amount and an unusual pattern of payments hadn't emerged. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as this were stopped while further enquiries were made, many legitimate payments would be stopped which would cause significant disruption and delay.

Mrs G made a second payment of £2,500 very shortly afterwards meaning that she'd transferred £5,000 to a new payee in a short timescale. This was unusual for her given her previous payment history and I agree with the investigator that Monzo ought reasonably to have intervened and asked what the payment was for and other questions to satisfy itself Mrs G wasn't at risk of financial harm. In the twelve-month period before this, the highest value transaction Mrs G made was for just over £500, so there was a sudden increase in spending with payments made in quick succession.

I see no reason why Mrs G wouldn't have told the truth about the reason for the payment, in which case I think the scam would quickly have been uncovered. Legitimate employers don't ask people to make upfront payments and job scams like this have become more prevalent. Monzo, as the expert here, should have been well aware of this. I'm not satisfied Monzo's on-screen warning which asked if it could be a scam went far enough and it's clear it didn't resonate with Mrs G.

I've gone on to consider whether Mrs G should share responsibility for her loss. I'm satisfied that she should, broadly because the opportunity she was offered didn't sound genuine and I think Mrs G should have completed more checks before getting involved. I've set out below some of my reasons for reaching this conclusion.

- Mrs G received unexpected contact via a messaging app from someone who said they were from a recruitment company. The messages only showed an unknown number and there was no evidence that the person messaging was from the genuine recruitment company. It's also unusual to receive contact about genuine roles in this way.
- The next person to contact Mrs G said they had got her details from "Amanda", but this wasn't the name given by the person who said they were from a recruitment company. I can't see that Mrs G questioned this.
- I note that Mrs G told the 'recruitment agent' she only wanted a certain type of role. This role was very different to those covered by the legitimate recruitment company the person claimed to be from, which recruits in construction, civil engineering, rail and utilities, and logistics management. If Mrs G had researched the recruitment company she'd have seen this.
- There was nothing to link the person who messaged Mrs G and said they were from C with the genuine company.
- There's no mention on the genuine company C's website of reviewing apps so I'm uncertain how Mrs G thought that what she was doing related to that company.
- Mrs G didn't receive a contract to set out the terms of her agreement with C. I have been provided with a 'Legal Notice', but this doesn't set out any terms or relate specifically to Mrs G.
- The payments Mrs G made weren't to C but to a totally different company. I haven't been provided with a plausible explanation for this and consider this ought to have concerned Mrs G.
- It's also hard to understand how it was plausible that Mrs G needed to pay funds upfront which would later be refunded with her commission or how cryptocurrency was involved.

- Mrs G's representative has said she went through an induction and was trained but no evidence of this has been provided.

Overall, I'm satisfied that Mrs G should be awarded 50% of the second payment of £2,500 plus interest as set out below.

I would expect Monzo to contact the bank or other firm that received Mrs G's funds promptly to try to recover them. I've seen confidential evidence which shows that Mrs G's funds were used up very soon after they reached the account they were paid into and before she contacted Monzo about the scam. So Monzo couldn't have recovered Mrs G's lost funds.

Overall, whilst I'm sorry to hear that Mrs G has lost funds in this way, I can't reasonably ask Monzo to refund her in full.

My final decision

I require Monzo Bank Ltd to:

- Pay Mrs G £1,250; and
- Pay interest on the above amount at the rate of 8% simple from the date of loss to the date of settlement.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 1 January 2024.

Jay Hadfield
Ombudsman