

## The complaint

Ms G complains that Monzo Bank Ltd ('Monzo') won't refund money she lost as a result of a scam.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In summary:

- Ms G started to communicate with someone on a dating application in July 2020. Unbeknown to Ms G at the time she was in fact communicating with a scammer. The scammer told Ms G they lived abroad. After speaking daily with each other over messages, Ms G was tricked into believing she was investing in cryptocurrency by someone she thought she'd become romantically involved with and who she says had gained her trust and she believed to be genuine. Ms G told us they'd also spoken about meeting up in person once the pandemic was over.
- Ms G explained the scammer guided her through everything – opening accounts with two cryptocurrency platforms – I'll refer to these as H and C. Ms G says she had control over these accounts and didn't share the details with the scammer.
- People (sellers) advertised cryptocurrency for sale across one of these platforms and Ms G sent the payments to these sellers. The cryptocurrency was then paid into Ms G's account/wallet, and from there she then sent the cryptocurrency onto the scammer(s).
- Ms G made the following payments in relation to the scam from her Monzo account:

Date	Time	Payee	Amount
31 August 2020	08:43	Payee 1	£971.21
31 August 2020	08:52	Payee 2	£1,028.79
31 August 2020	11:20	Payee 3	£700.00
14 September 2020	14:21	Payee 4	£6,230.00
<b>Total loss:</b>			<b>£8,930.00</b>

- I understand, based on what I've seen and been told, that Ms G made other payments from an account she held with a different bank. This complaint is not with our service. This decision solely focuses on the payments Ms G made from her Monzo account.
- When Ms G attempted to make a withdrawal from the investment, she was told she would need to make a further payment in relation to tax first. Ms G proceeded to make this payment on 14 September 2020. After this, she was told she'd need to make a further payment and if she didn't the account would be frozen, which would then require an additional payment to unfreeze it. It was at this point Ms G says she became suspicious she might have fallen victim to a scam.

- Ms G reported the matter to Monzo on 3 March 2021, via its in-app chat function. Monzo contacted the receiving banks on 7 March 2021 (the banks to whom the money was sent), but no funds remained. Having looked into things, Monzo said it wouldn't reimburse the money Ms G had lost as the payments had been made to another account in her own name. It added the payments made weren't covered by the Contingent Reimbursement Model Code (CRM Code), the provisions of which it has agreed to follow.
- Our Investigator considered Ms G's complaint, but she didn't think it should be upheld. Our Investigator concluded the payments Ms G made weren't covered by the CRM Code as the payments she made purchased cryptocurrency which she then sent onto the scammer. She added that in this case, Ms G had received the 'goods' she'd paid for.
- Our Investigator didn't think the three payments made on 31 August 2020, were suspicious in appearance compared to the normal account activity and so she didn't think Monzo ought to have been concerned. She did think the payment on 14 September 2020, should have been identified and that Monzo ought to have contacted Ms G before processing the payment. But she didn't think this would have made a difference. Had Monzo got in touch with Ms G and asked questions about the payment, she didn't think what Ms G would've likely shared would've caused Monzo concern. This was because, Ms G told her that the scammer had gained her trust and she was convinced he was genuine. She also referred to a credit of cryptocurrency that she says the scammer placed into her account as a gift, which further persuaded Ms G that all was legitimate.
- Further, when taking into account the scammer(s) had coached her and told her not to tell her bank the payments were to invest in cryptocurrency, our Investigator wasn't persuaded Ms G would've told the bank the reason for the payment. This said, even if Ms G had told the bank the payment was for cryptocurrency, our Investigator thought it likely Ms G would've shared that for the payments made on 31 August 2020, she'd received the cryptocurrency following these payments. So she didn't think Monzo needed to refund the money Ms G had lost to the scam.
- Ms G disagreed. In brief, she said that, had Monzo questioned her about the payment on 14 September 2020 and alerted her to the potential of a scam, she would've questioned this.

As no agreement was reached, the complaint has now 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.

Ms G doesn't dispute that she made all of the payments from her Monzo account. This means they were authorised by her. So the starting point under the Payment Services Regulations 2017 and the account terms and conditions is that Ms G is responsible for the payments as well as any resulting losses.

But the matter doesn't end there. Monzo should also be on the look-out for, and help to prevent, payments that could involve fraud or be the result of a scam. It has also committed to reimbursing customers under the provisions of the CRM Code.

Based on what Ms G has told us, I understand she was instructed to purchase cryptocurrency from third parties on a cryptocurrency exchange. This involved sending faster payments to the third parties in exchange for cryptocurrency. When the cryptocurrency was credited to her account, Ms G then sent this onto the scammer. This technique is a deliberate one that scammers employ to help evade banks' fraud detection and prevention systems. That's what happened latterly in Ms G's case and it means the CRM Code doesn't apply to any of the transactions that were used to buy cryptocurrency.

I'd firstly like to recognise that Ms G has lost £8,930 which is a significant amount of money for her to lose to what is a cruel scam. I can also understand why she wants to do all that she can to try to recover this money.

A balance must be struck between identifying payments that may indicate a customer is potentially at risk of financial harm – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. With this in mind, I agree with our Investigator that the initial three payments Ms G made on 31 August 2020 in favour of the scammer weren't so unusual or out of character as to warrant intervention from Monzo.

When thinking about the initial three payment Ms G made, these in my judgment, weren't so remarkable or suspicious when compared to Ms G's previous account activity, that I think they ought to have been regarded as suspicious or indicating that she might have been at risk of falling victim to a scam.

I'm mindful that the initial three payments were made on the same day and to three new payees. I've thought carefully about this point, but in this particular case, I don't think this ought to have put Monzo on notice that she might be at risk of financial harm from fraud, particularly given the value of the payments.

But, when Ms G made a payment of £6,230 on 14 September 2020 to a new payee, I think Monzo ought to have done more to check she wasn't falling victim to a scam. Had Monzo intervened, as I think it should have, I need to consider whether I think this would've made a difference in this particular case.

I don't know for certain what Ms G would have said had Monzo got in touch and asked questions about the payment of £6,230. In these circumstances, where the evidence is incomplete, inconclusive, or contradictory, I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I've thought carefully about everything Ms G has told us, but even if more questions had been asked and a clear fraud and scams warning was provided, I'm not persuaded this would have prevented the scam. I say this because, this wasn't a typical investment scam where a customer is contacted by a scam investment company and given investment advice. Such scenarios allow a bank to ask questions about the investment company or conduct its own research into that company on the FCA database. Unfortunately, here there was a romance scam element.

Ms G says she was told by the scammer(s) not to tell her bank that she was making payments to invest in cryptocurrency. Ms G in her communication with Monzo said the scammer was helping her unconditionally and that she trusted this person. She told us the

scammer transferred an amount of their own cryptocurrency into her account as a gift. Which Ms G says further convinced her that all was legitimate. Given the trust Ms G says she had in the scammer, I can't safely say I'm persuaded Ms G would've told the bank the real purpose for the payment of £6,230.

But in any event, even if I consider that Ms G would've responded to more probing questions, and she'd told Monzo she was investing in cryptocurrency, given the specific circumstances of this case and the relationship Ms G believed she'd developed with the scammer, I think it's more likely than not that she would've shared she'd been told to invest in the cryptocurrency by someone she trusted and that she'd made previous payments on 31 August 2020 and she'd receive the cryptocurrency following these payments.

With this in mind, I'm not satisfied probing questions and a clear scam warning would've made Monzo suspicious nor, on balance, do I think what Ms G likely would've shared with the bank would've caused it concern that she might be at risk of financial harm from fraud. I'm also not persuaded, given the relationship Ms G believed she'd developed with the scammer that intervention by the bank likely would've broken the spell, as Ms G by her own testimony said she trusted they were helping her unconditionally.

#### Monzo's recovery attempts

Where money has been lost to a scam such as in this case, I would usually expect Monzo to make reasonable attempts to recover the money after being notified about the scam.

Ms G reported the scam to Monzo on 3 March 2021 via its in-app chat function. It then contacted the receiving banks on 7 March 2021 but received responses to say no funds remained. While I think Monzo could have acted more quickly in seeking to recover Ms G's money, I don't think any possible delay has made a difference in this case.

I say this as I'm mindful that in this particular case, the payments Ms G made were used to buy cryptocurrency. So, in effect, Ms G got what she paid for but then sent this onto the scammer. In that situation I don't think it's likely Monzo would've been able to recover any of her money.

I do recognise Ms G has lost a significant amount of money and has been the victim of a cruel scam and I appreciate this will likely come as a disappointment to her. But for the reasons I've explained, I'm not persuaded Monzo can fairly or reasonably be held liable for her loss in these circumstances.

#### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 11 August 2023.

Staci Rowland  
**Ombudsman**