

## **The complaint**

Mrs S complains about Monzo Bank Ltd.

She says that Monzo didn't do enough to protect her when she became the victim of a scam and would like Monzo to refund her the money she has lost.

## **What happened**

Mrs S's husband was approached via WhatsApp by a supposed recruitment company offering employment in the form of task-based marketing.

Mrs S's husband checked the company online and it appeared to be a legitimate recruitment agency – whereas in fact it was using a very similar name to an actual recruitment agency in an attempt to appear genuine.

Mrs S and her husband were persuaded to pay money, via cryptocurrency, to the 'recruitment' agency in order to buy tasks to complete and then earn commission. They were given access to a professional looking portal, and Mrs S's husband began with a small payment.

Mrs S's husband was first to pay the scammer and was paid out some 'commission' (a common tactic used by scammers to reassure and persuade victims to part with more money).

As they were satisfied with the legitimacy of the company, Mrs S then paid the scammers one payment of £10,000 to access the higher levels of commission available.

However, once this payment was made, and Mrs S completed the 'tasks', she was unable to access her supposed commission, but was being pressured to part with more money.

Mrs S then realised they had been scammed and complained to Monzo.

Monzo didn't uphold Mrs S's complaint, so she brought the complaint to this Service. Our Investigator looked into things and thought that the complaint should be upheld. However, they also said that Mrs S hadn't taken enough care, and so liability should be split between Mrs S and Monzo,

Mrs S accepted this, but Monzo did not, so the complaint had been passed to me to make a 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.

Having done so, I've decided to uphold this complaint for broadly the same reasons as our Investigator. I'll explain why.

It isn't in dispute here that Mrs S has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 having 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 (PSRs) and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having 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 make 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 need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs S when she authorised payment from her account or whether it could and should have done more before processing the payment.

#### *Did Monzo act fairly and reasonably in Mrs S's case?*

I've considered Mrs S's transactions in the lead up to the scam taking place and similar to our Investigator I think that the payment of £10,000 was significantly out of character considering the way she usually used her account.

With this in mind, Monzo should reasonably have contacted Mrs S to establish whether the transaction posed any possibility of placing her in financial harm before processing it. But it did not do so. Had Monzo contacted Mrs S, I would've expected it to have questioned her about the payment – including what she was making the payment for and surrounding context and to proceed accordingly. The intention being to disrupt or uncover a potential fraud or scam.

I haven't seen anything to suggest that Mrs S was coached by the scammer or provided with a cover story as to what she was doing – so I think that she would have explained to Monzo that that she was making the payment as part of her employment to purchase 'tasks' and receive commission.

This alone should've been a red flag to Monzo – and I think it's likely that it would have immediately recognised this as a scam and provided Mrs S with a meaningful warning that what she had told it had all the hallmarks of a scam.

Had it done so, I don't think that Mrs S would have ignored such a warning – and I don't think that she would have continued with the payment she was making.

So, I think that Monzo missed an opportunity to prevent Mrs S's loss from the outset.

However, while I do consider that Monzo could have prevented the payment had it acted like I would expect, I do also need to consider if Mrs S should bear some responsibility for the loss here too, by way of contributory negligence.

I understand that Mrs S and her husband were taken in by the scammer, and they thought they had been given an employment contract via WhatsApp. Mrs S has explained they were unfamiliar with UK employment practices and that as her husband had been paid commission, they thought that they were dealing with a legitimate company.

While I do understand that Mrs S may not be completely aware of UK employment practices, I think Mrs S and her husband could have done more due diligence than they did. They were contacted out of the blue offering employment when they weren't actively seeking work – and the amount of money Mrs S was asked to pay in order to purchase 'tasks' should also have been a further red flag, I know that they did check the name of the scammer which was similar to that of a legitimate company, but had they taken time to conduct more thorough checks they would have seen that this was an attempt to clone a legitimate company - and that 'task based' scams such as the one they fell victim to are very common.

So, I think it is fair that responsibility for the loss be shared between Mrs S and Monzo.

### **Putting things right**

Monzo Bank Ltd should pay Mrs S 50% of the payment she made to the scam.

I calculate this to be £5,000.

On top of this, Monzo Bank Ltd should pay Mrs S 8% interest on this amount from the date of payment until settlement is made (minus any lawfully deductible tax).

### **My final decision**

I uphold this complaint. Monzo Bank Ltd should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 29 December 2023.

Claire Pugh  
**Ombudsman**