

## **The complaint**

Mr S complains that Monzo Bank Ltd ("Monzo") won't refund over £40,000 he lost to an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief, Mr S fell victim to a fake job scam after he clicked on an advert on a social media website - I will call the scammer 'B'. B told Mr S that he would be paid for completing a number of tasks, but he would have to purchase these tasks first using crypto currency. So, over a couple of months, Mr S made over 30 card payments totalling over £40,000 to three crypto exchanges, where the funds were used to purchase crypto which was then forwarded onto B.

Mr S realised he had been scammed after he was unable to withdraw the balance that he could see on B's website, without paying further fees.

Our investigator upheld the complaint in part. He thought that Monzo ought to have questioned Mr S about the last payment that he made on 17 June 2022. The investigator thought that, had that happened, the scam would likely have been stopped. Therefore, the investigator said that Monzo should refund the money Mr S had lost from this payment onwards, less a deduction of 50% in recognition of Mr S's own contributory negligence. Monzo disagreed, so the matter has been escalated to me to determine.

## **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.

It isn't in dispute that Mr S has fallen victim to a scam here, nor that he authorised the disputed payments he made to the scammer (where his funds were subsequently transferred on to the scammers from his crypto wallets). The payments were requested by him using his legitimate security credentials provided by Monzo, and the starting position is that banks ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Monzo should have done more to prevent Mr S from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character for that account holder.

I understand the investigator considered that the final payment of £1,540 made by Mr S on 17 June 2022 ought to have been regarded as unusual, given that it was the third largish payment made on the same day to the same scammer. I agree with this because, not only was it the third payment made on the same day, over 10 payments had been made within three days to a new payee. In my view this really should have been flagged by Monzo as being unusual account activity. Monzo would have known that multiple payments being made to the same payee in quick succession can often be an indication of fraudulent activity. So I'm satisfied this payment ought reasonably to have been considered as unusual and triggered an intervention by Monzo.

I note that Monzo likely did have suspicions about the pattern of spending, because Mr S's account was frozen around this point and Monzo did ask Mr S in text chat about the payments. However, I don't think that this went far enough, especially as Mr S did call Monzo on 17 June 2022 and 18 June 2022 to unblock his account. Had Monzo used this opportunity to ask suitably probing questions, there is no reason to suggest he wouldn't have been forthcoming about what he was doing. If Monzo had questioned Mr S about these payments, it would have likely discovered that he had been 'contracted out' by a company offering to pay Mr S for completing tasks, But Mr S had been told that he would first have to pay for these tasks using crypto currency. I also think that Monzo would've discovered that Mr S had a balance that he was trying to withdraw and he needed to pay additional funds to achieve this.

This is not how companies normally operate and it has all the hallmarks of a crypto scam. I consider there would have been reasonable grounds for suspicion here. And Monzo ought reasonably to have provided a scam warning in light of all the information then known to financial professionals about the risks associated with cryptocurrency scams.

Monzo does not believe it is liable for Mr S's loss, as it said it occurred from his crypto accounts rather than his Monzo account. However, Monzo is aware of our general position on a Payment Service Providers' safeguarding and due-diligence duties to protect customers from the risk of financial harm due to fraud. We have published many decisions on our website setting out these principles and quoting the relevant rules and regulations. Therefore I won't rehash them again here in detail.

I appreciate that the crypto exchanges in question are legitimate. But I think Monzo still should have provided a scam warning in light of all the information known to banks about the increasing number of scams associated with cryptocurrency. By the time Mr S made the payments, cryptocurrency scams had risen greatly in frequency and it's reasonable to conclude that banks, such as Monzo, had also had time to digest these warnings and put mechanisms in place to detect and prevent this type of fraud affecting its customers.

I recognise that if an intervention by Monzo had taken place, it likely would've identified that the payment was going to the consumer's own account with the crypto exchanges in question. But I don't think the conversation should have stopped only on the basis that the money appeared to be going somewhere safe and within the consumer's control.

I say this because, by the time Mr S made these payments, Monzo ought reasonably to have had a good enough understanding of how these scams worked, to have been able to identify the risk of harm occurring to its account holders from fraud. This includes the consumer often making a number of purchases of crypto assets in a relatively short space of time or a consumer repeatedly sending money to a platform where the money is subsequently moved on to or taken by the scammer. So, it is with this in mind that I think Monzo ought to have probed further about the nature and context of the payments Mr S was making.

In light of this, I think Mr S's losses were foreseeable to Monzo, despite the payment on the face of it not leaving his control. And I'm satisfied that, had Monzo asked relevant questions of Mr S, it would have been apparent that he was falling victim to a scam. In other words, but for Monzo's failure to make reasonable further enquiries, it would have been on notice that there was a very high chance that Mr S was going to suffer financial harm from fraud.

Had Monzo provided Mr S with a warning, it would have likely alerted him to the common issues arising in relation to cryptocurrency scams. I think this, in turn, would have led Mr S to question whether he was in fact dealing with a legitimate business – especially as he had made a number of payments to B but had yet to receive any payments back from B. The result of this is that, probing questions from Monzo about the nature of the payments would have likely stopped Mr S from making any further payments.

As a result, I believe Monzo should refund the payments Mr S lost to the scam from and including the final £1,540 payment made on 17 June 2022.

### *Contributory negligence*

There's a general principle that consumers must take responsibility for their decisions. And I have duly considered whether Mr S should bear some responsibility by way of contributory negligence. In the circumstances, I'm satisfied he should do so in this case.

In the circumstances, I don't consider Mr S carried out sufficient due diligence to ensure that the company he was dealing with was genuine. Mr S seems to not know how much he would be paid for doing the tasks in question - which would seem important to know given the money involved and given that Mr S says he viewed the tasks he was completing as 'work'. I also note that the scammer claimed to be a well known online shopping platform and I don't think it particularly realistic that the platform in question would hire people via WhatsApp and without any apparent formal application or induction process.

I also note that the scammer referred to the IRS rather than HMRC when questioned about by Mr S about whether he would be an official employee. A legitimate UK employer should know that the tax authority in the UK is HMRC, rather than the IRS as B referred to in the WhatsApp messages. I also think the tone of some of the messages from B were unprofessional, which again should have been a red flag for Mr S that he was not carrying out the tasks for, or sending money to the well known online shopping platform.

Therefore, I'm satisfied that Mr S's lack of due diligence and failure to question what he was being promised contributed to his loss, such that he should share responsibility with Monzo. Because of this, I'm satisfied a 50% deduction is fair and reasonable in the circumstances.

### ***Recovery***

I've also thought about whether Monzo could have done more to attempt to recover the faster payments after Mr S reported the fraud. However, the funds were forwarded on from the crypto exchanges to B as part of the scam. So once Mr S had done that, which it seems he did so as soon as the money reached his crypto wallet, there was then no money in which to recover.

I also don't consider Monzo ought to have attempted a chargeback claim, as Mr S made payments to get crypto and he seems to have received this before he forwarded it on to B. So he got what he paid for.

### **Putting things right**

For the reasons given above, I uphold this complaint in part and direct Monzo Bank Ltd to:

- Refund the payments Mr S lost to the scam from and including the final payment made on 17 June 2022 onwards, less a deduction of 50% in recognition of Mr S's own contributory negligence towards his loss.
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.

### **My final decision**

My final decision is that I uphold this complaint in part and direct Monzo Bank Ltd to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 December 2023.

Charlie Newton  
**Ombudsman**