

The complaint

Mr K complains that Monzo Bank Ltd (“Monzo”) hasn’t refunded the money he lost when he fell victim to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again in full here. The facts are not in dispute, so I’ll summarise what happened and focus on giving the reasons for my decision.

Mr K made a payment of £1,000 in September 2019 to what he believed was an investment. He said he was given a moneyback guarantee and was promised a 10% profit on the investment each month.

After his investment disappeared, Mr K contacted Monzo in December 2019 to let it know he’d been the victim of fraud. Monzo raised a chargeback with the card scheme but it was ultimately unsuccessful.

Mr K believes Monzo should have done more to recover his funds. Monzo doesn’t think it made an error in following the payment instructions. It also thinks it’s done enough to try to recover the funds.

Our investigator concluded that Monzo hadn’t made an error at the time of the payment and had done enough to try to recover Mr K’s money. But he disagreed so 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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- The starting position, given the payment was authorised, would be for Monzo to have followed the payment instruction. But there are some situations where banks ought to have noticed that something wasn’t quite right before making the payment. In this case, the payment didn’t trigger Monzo’s fraud alert systems.
- While I appreciate it’s a lot of money for Mr K to lose, the payment wasn’t significantly or unusually high, especially when compared with the relatively recent activity on his account. Mr K had made payments of around £889 and £819 in months just prior to this payment, so £1,000 wouldn’t have stood out as being particularly out of character – so I don’t think it’s unreasonable that Monzo’s systems weren’t alerted by the payment.
- I’ve looked at external organisations that publish official warnings about merchants operating in the UK and abroad. But the company the payment was made to didn’t

appear on these. So Monzo wouldn't reasonably have been expected to know the payment was being made to a scammer.

- As stated above, the payment didn't trigger on Monzo's fraud systems. And Mr K didn't speak with Monzo about the payment. So there wasn't a natural opportunity for it to identify the payment was possibly being made as part of a scam, and therefore intervene.
- So, while we now know Mr K was the victim of a scam, I don't think Monzo was wrong to process this payment at the time. And I don't think it missed a reasonable opportunity to intervene.
- Thinking about what Monzo did to try to recover the money, I'm satisfied it took the appropriate action. While it was arguably clear from the start that it would be unsuccessful, Monzo raised a chargeback claim with the card scheme. Once it had been made clear by the card scheme there'd be no reasonable prospect of success, Monzo opted not to take it further – I don't find that to be have been unreasonable.

So, in summary, I don't think Monzo failed to intervene with Mr K's payment. And I think it took appropriate steps to recover the funds. For these reasons, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 August 2022.

Melanie Roberts
Ombudsman