

## **The complaint and what happened**

Mr G complains Monzo Bank Ltd won't reimburse money lost when he fell victim to an investment scam.

Our investigator upheld Mr G's complaint. He was satisfied Monzo ought to have intervened in the first payment made as part of the scam, as it was unusual and uncharacteristic for the account. He asked is to reimburse losses from that point. But he also found Mr G was partly responsible for his losses; the investment returns anticipated were far too good to be true; and Mr G had some misgivings when told he had to pay tax but didn't do any further checks due to the business he was investing through being a limited company.

Monzo has asked for the matter to be referred to an ombudsman. It said Mr G didn't do enough due diligence before deciding to invest; and he paid a crypto asset provider, the same merchant he had paid a few weeks before (and not disputed) therefore it was a known payee. The crypto asset provider is one of the most reputable crypto exchanges and it had no reason to prevent Mr G from making the payment. It considers as the payment was going to an account in Mr G's ownership it had done enough to protect the money. It has further argued it's not reasonable to assume that all large value crypto purchases are going to be scams.

## **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.

Although I have only summarised the background and arguments above, I have read and considered everything. Having done so I agree with the investigator for the following reasons:

- Mr G authorised the transactions. Whilst he didn't intend to get scammed, he is initially presumed liable for the loss. There also doesn't appear to be any dispute he has been scammed. Although I haven't seen any regulatory warnings against this particular merchant, Monzo has referred to online reviews which indicate the business was operating a scam.
- Monzo is aware of our approach of expecting it to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at financial risk. And in some situations, make additional checks before processing payments or decline them altogether to protect customers from possible financial harm from fraud or scams.
- I have looked at the operation of Mr G's account in the months leading up to the disputed transactions, and I agree that the first payment of nearly £6,000 was significantly out of character for the account. Mr G rarely made transactions of larger than a few hundred pounds, and when he did, that was usually an internal transfer to savings. I accept the payment was to a legitimate crypto asset provider that he had previously paid. But he had only done so for the first time a few weeks before, and for a substantially lower sum. I'm not persuaded those factors mean the payment wasn't out of character or something Monzo didn't need to be concerned about.

- Monzo has argued the payment was going to an account in Mr G's ownership and so it was safe. I disagree. Just because the account might have been in Mr G's name, it doesn't mean it was in his control or that his money was safe. Both Action Fraud and the FCA have been reporting on the prevalence of trading and crypto scams for a number of years, intelligence Monzo ought to have taken account of.
- Had Monzo carried out its due diligence and duties and asked Mr G about the payment, I have no reason to doubt he would have explained what he was doing. And on that explanation Monzo would have recognised the hallmarks of a scam – returns that were far too good to be true, the investment opportunity being offered through a social media platform and the scammer helping Mr G with all of the steps needed to trade. It could have provided information on the steps a customer can take to ensure, so far as it reasonably possible, they are dealing with a legitimate merchant. And it could have drawn on its knowledge about the high-risks associated with crypto-asset trading and fraud and provided a warning. I'm satisfied Mr G would have heeded a warning from his trusted bank such that the scam would have been exposed and Mr G would have stopped investing, thereby preventing his loss.
- I agree Mr G is partly responsible for his losses. It doesn't appear he carried out much due diligence before deciding to part with his money. And the offer he was made, and the potential returns promised were far too good to be true, such that he ought to have been alert to something not being right. And when he did have misgivings about needing to make a 'tax' payment, he didn't act on those. Given the expertise of the parties and the knowledge imbalance between them, I agree a 20% reduction in redress is fair for the part Mr G had to play in his losses.

### **My final decision**

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to:

- Reimburse Mr G his losses as a result of this scam, less 20% for his contributory negligence – a total of £10,467.54, and
- Add 8% simple interest to that sum from the date of loss to the date of settlement, less any lawfully deductible tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 February 2023.

Claire Hopkins

**Ombudsman**