

## **The complaint**

Mr A complains he was the victim of an investment scam and that Monzo Bank Ltd didn't do enough to stop that happening or to recover his money.

## **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.

Mr A complains that Monzo Bank Ltd won't refund three payments that he made on 26th and 27th April 2022 in respect of a scam involving cryptocurrency. He had reached out to someone he discovered on social media. The person advised him to buy Bitcoin through a company I'll refer to as "S", telling him she would take 20% of his profits. Before he transferred any money, Mr A made a number of checks; he sent a message to one of the broker's followers to see if she was genuine, he asked for a voice note to try to establish the broker was who she said she was and he asked for evidence of one of the broker's other clients having paid a release fee before receiving a refund.

Mr A was advised to open an account with Monzo and to transfer money to that account before making the payments to S from the Monzo account. He was advised to make payments to S before sending the money to the broker to be invested. The payments were online transfers which comprised of an initial deposit of £500, a £3,500 payment to release funds and a further £600 for late fee charges.

When Mr A realised he'd been the victim of a scam he contacted Monzo, but it said there was nothing it could do to retrieve the money as it had been sent to an account that Mr A held in his own name with S. Mr A wasn't happy and so he complained. Monzo accepted he'd been the victim of a scam, but it maintained it was unable to refund the money he'd lost because the fraudulent payments had been sent from the account he held with S.

Mr A wasn't satisfied and so he complained to this service, but our investigator didn't think the complaint should be upheld. She too accepted Mr A had been the victim of a scam but she didn't think the payments were so unusual that Monzo ought to have stepped in and asked more questions or stopped them altogether. And she didn't think there was anything else it should have done to stop the payments or to secure a refund.

Mr A wasn't satisfied and has asked for his complaint to be reviewed by an ombudsman. He thinks Monzo should refund the money he's lost because he was the victim of fraud. He's explained he's under financial pressure and owes his previous employer £1,800.

## **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.

There's no dispute that the payments were 'authorised' by Mr A. This is because they were made by him using the legitimate security credentials provided to him by Monzo. Mr A believes he's entitled to a refund because, even though he authorised the payments, he was

the victim of a scam and Monzo should have either done more to stop that happening or to help him get the money back.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk unregulated investments that resulted in disappointing returns or losses. Some of these investments may have been promoted using sales methods that were arguably unethical and/or misleading. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

I've carefully considered this, and I am persuaded that at the relevant time the broker was operating a scam. But, although Mr A didn't intend his money to go to scammers, he did authorise the disputed payments. Monzo is expected to process payments and withdrawals that a customer authorises it to make. But, where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments went to a genuine cryptocurrency exchange company. However, Monzo has an obligation to be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether Monzo ought to have intervened to warn Mr A when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Monzo to intervene with a view to protecting its customers from financial harm due to fraud.

The payments didn't flag as suspicious on Monzo's systems. I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr A normally ran his account and I don't think they were. He had very recently opened his Monzo account and so there was no account history for Monzo to assess whether or not the disputed payments were unusual. However, I've considered the nature of the payments, both individually and collectively, and I don't think they were suspicious or concerning. So, I don't think they should have triggered Monzo's fraud systems.

Overall, I'm satisfied Monzo took the correct steps prior to the funds being released – as well as the steps they took after being notified of the potential fraud. I'm sorry to hear Mr A lost such a significant amount of money. But for the reasons I've explained, I don't think Monzo is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 December 2022.

Carolyn Bonnell  
**Ombudsman**