

The complaint

Mr J has complained that his bank Monzo Bank Ltd (“Monzo”) has refused to refund the money he has lost following him being the victim of a scam.

What happened

The background of this complaint is well known to all parties, so I won’t repeat what happened in detail.

In summary Mr J saw an investment link in a telegram channel he was part of and decided to join the third-party channel.

The third-party that I will call (“A”) explained the investment and potential returns to Mr J. A then guided Mr J through the process of setting up a trust wallet. Mr J purchased Bitcoin through the company Moonpay, transferred those funds to a trust wallet and then forwarded those funds to A.

A had convinced Mr J to part with a total of almost £5,000.

Mr J has explained that one of the payments he attempted to make was stopped by Monzo and that Monzo should have intervened at this stage to stop him incurring any further loss.

Our Investigator considered Mr J’s complaint but didn’t think it should be upheld as the payments Mr J had made were to a legitimate business and were made over several days. Our Investigator didn’t think any of the payments were of a particularly high value significant enough to cause any concern.

Our Investigator also asked the Monzo about the payment it declined. Monzo explained that Mr J had a gambling block on his account. Transactions to Moonpay are not considered to be gambling so most of his payments were processed as expected. One of the payments was however identified as a gambling transaction because of the way it was recorded at Moonpay. This transaction was automatically declined because of the gambling block on Mr J’s account with no human intervention.

With this explanation in mind our Investigator didn’t think Monzo would have cause for concern about the payments Mr J was making to Moonpay.

Mr J disagreed with our Investigator’s view, so this 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.

The chargeback process is in place to refund customers when they pay for goods or services on their card that are not received. In this case Mr J knowingly purchased Bitcoin via Moonpay and this service was provided to him. Therefore, the chargeback option would

not have been available to him as his dispute is with A, not Moonpay and Mr J doesn't dispute receiving Bitcoin in exchange for his payment – so any chargeback attempt against Moonpay would likely failed. I therefore don't think it's unreasonable that Monzo didn't explore this further.

It's clear that Mr J has been the unfortunate victim of a scam. I need to decide whether Monzo is responsible for Mr J's loss. This means deciding if Monzo was reasonably aware of the potential scam and if it should have stepped in to prevent it.

In general banks have fraud prevention measures in place and certain activity will often be caught by these measures and payments can be stopped as a result.

Mr J made nine payments to Moonpay for the purchase of Bitcoin over a five-day period. The largest payment was for just over £1,000 and the total amount of the payments was just under £5,000. It would be unreasonable to suggest that Monzo should intervene in every payment its customer makes – particularly payments that are to legitimate businesses (as was the case here). When considering the payments in dispute here, I do not think when taken individually or collectively, Monzo would have had reasonable grounds to suspect a fraud or scam was taking place. I don't think the payments were unusual enough (when compared to Mr J's normal account spend) for me to suggest that Monzo acted unreasonably by allowing all of them through without a meaningful conversation with Mr J.

Mr J then moved these funds to his trust wallet and then to A. Monzo was not involved in these transactions and would therefore not be in a position to intervene here either.

Mr J has explained that one of the payments he attempted was stopped by Monzo so at this point Monzo should have stepped in as it would have known the payments were of concern. But as explained above Monzo has told us that Mr J had a gambling block on his account. This block meant that payments considered to be for gambling would automatically be blocked. Payments to Moonpay are not usually considered to be for gambling and are not usually blocked for this reason.

The payment Mr J has highlighted was identified as a gambling transaction because of the way it was recorded by Moonpay. Something Monzo has no control over. This transaction was automatically declined due to the gambling block on Mr J's account with no human intervention. The payment was not stopped as a fraud prevention measure.

As the payment was not highlighted as potential fraud by Monzo's system I don't think Monzo would have been aware of any issues with the payments Mr J was making.

Overall, I don't think Monzo would reasonably have been aware of the scam Mr J was falling victim to at the time and therefore it was not able to intervene. So, I don't think it was responsible for Mr J's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 February 2023.

Terry Woodham
Ombudsman