

The complaint

Mr O complains that Monzo Bank Ltd ("Monzo") won't refund him multiple payments made from his current account as the result of a scam.

What happened

In August 2020, Mr O was involved in a scam. He was persuaded to send £35,000 from his Monzo account to someone who purported to be a private cryptocurrency trader but who we now know to be a fraudster. Mr O also sent £65,000 from an account he held with a different bank ("Bank B") which has now been refunded in full.

Mr O was told by the scammer that his capital would be safe and he would receive between 6-9% returns on his investment each month, once the investments reached maturity. The scammer also told Mr O that if he brought other investors on board, he would receive commission. So Mr O promoted the trader amongst his friends and family and some of them also decided to sign up. However, by April 2021, the scammer had stopped communicating with Mr O and at that point, he realised he'd been scammed.

Mr O then contacted his bank for help. Monzo looked into Mr O's complaint but it didn't offer him a refund of the funds he had lost. It said it had contacted the scammers bank, but it hadn't been able to retrieve any of Mr O's funds. Monzo went on to say that it would not look to assume liability for Mr O's loss.

Unhappy with Monzo's response, Mr O brought his complaint to our service. An investigator looked into things and initially, they upheld the complaint. When Monzo disagreed with the investigators outcome, he reviewed the complaint again. This time, he didn't uphold it. He said he didn't think Mr O had suffered a financial loss as a result of the scam.

Mr O disagreed. He said he had suffered a loss and was still paying off some of the debts he had accrued because of the scam.

As an agreement could not be reached, the case was passed to me for a final decision.

Having reviewed all of the available evidence, I wrote to Mr O to clarify some of the incoming and outgoing transfers from his Monzo account and from his Bank B account. Mr O confirmed that in total he had sent the scammer £35,000 from his Monzo account but he had also received some funds into the account from the scammer too. Mr O said the payments into the account were either commission payments or investment returns that Mr O was to send on to the other investors. Mr O also told me that £5,000 of the £35,000 sent from his Monzo account was his friends money and he was transferring it on his behalf.

I have detailed the incoming payments in the table below. I've also included a brief description of what Mr O said he did with the funds after he received them:

Date funds paid	Amount	Paid out
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into account		
12/10/2020	£1,000	£0
14/10/2020	£1,500	£0
09/11/2020	£1,000	£0
26/12/2020	£10,000	£1,000 to Investor A £1,000 to Investor B £3,000 to Investor C £2,000 to own credit card £1,000 to own credit card £1,500 to own credit card
19/01/2021	£10,000	£10,000 to own account at Bank B
20/01/2021	£10,000	£5,000 to Investor D £5,000 to Investor B
31/01/2021	£10,000	£5,000 to Investor C £5,000 to own credit card
01/02/2021	£5,000	£5,000 to own credit cards
03/02/2021	£5,000	£5,000 to Investor C
05/02/2021	£2,720	£1,120 to Investor A £1,057.50 to Investor C
03/08/2021	£500	£500
Total	£56,720	£27,177.50 (paid to other investors)

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 opinion reached by the investigator for the following reasons:

- I've reviewed Mr O's account statements which were provided to me by Monzo. The statements show me that Mr O received £56,720 into his account from the scammer in relation to his investments.

- I asked Mr O about the funds paid into the account and he told me they were either paid out to other investors or used to reduce his credit card debt.
- Based on Mr O's testimony, I'm satisfied that he paid £27,177.50 to his fellow investors – as detailed in the table above. This means Mr O has had the benefit of the remaining funds, some of which he used to repay his credit cards. I don't agree with Mr O's assertion that he hasn't had the benefit of funds paid to his own credit card accounts. This money has been used to reduce his overall debt and means he no longer has to pay this amount back.
- When I asked Mr O about the payments made from his Monzo account, it came to light that £5,000 of the funds sent from this account didn't belong to Mr O. They were his friend's funds and he was simply moving them on for him. Mr O cannot claim back funds on behalf of someone else as Mr O didn't suffer this loss, his friend did.
- So, I'm satisfied that Mr O's total overall loss from this account amounts to £457.50 – the amount remaining when I deduct the amount Mr O has had returned to him from his original personal investment of £30,000.
- As part of my review of this case, I also looked at the payments made from Mr O's other account with Bank B. This is because the payments Mr O made from this account relate to the same scam and any amounts paid in and out of this account are also related to the overall amount invested. Mr O told us that he also lost £65,000 from this account as part of the same scam. When I asked Mr O about the payments made from Bank B, it came to light that £10,000 of the funds sent from Mr O's Bank B account didn't belong to Mr O. They were his friend's funds and he was moving them on for him. But Mr O has received £65,000 back following his complaint to Bank B - £10,000 more than he should've been able to claim back. As I've said above, Mr O cannot claim back funds on behalf of someone else as he didn't suffer this loss. So, I'm satisfied that Mr O has been paid £10,000 more than he should have been.
- So, having taken everything into account, I'm satisfied that Mr O's total loss from his Monzo account amounts to £457.50. However, I'm also satisfied he's already received back more than this because of his complaint with Bank B. So, overall, I'm not persuaded that Mr O has suffered a financial loss as a result of his involvement in the scam.
- It would not be reasonable for me to recommend Monzo pay redress to a party who has suffered no actual financial losses. For these reasons, I won't be asking Monzo to do anything further.

I am very sorry to hear about the situation Mr O has found himself in. But I'm not persuaded he has suffered a financial loss here.

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 O to accept or reject my decision before 28 April 2023.

Emly Hanley
Ombudsman