

The complaint

Mr R complains that Monzo Bank Ltd ("Monzo") won't refund over £13,000 he lost as part of a cryptocurrency investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief summary, Mr R fell victim to an investment scam beginning in June 2022 after he found a broker ('E') advertising cryptocurrency investment on social media ("the scammer"). He was encouraged to invest and made the following payments to his Coinbase wallet, where his funds were subsequently transferred on again to the scammer:

Payment No.	Date	Payee	Amount	Payment method
1.	20/06/2022	CB Payments	£250	Debit card
2.	20/06/2022	CB Payments	£683.38	Debit card
3.	26/06/2022	CB Payments	£3,000	Debit card
4.	27/06/2022	CB Payments	£2,090.87	Debit card
5.	27/06/2022	CB Payments	£1,046.28	Debit card
6.	27/06/2022	CB Payments	£3,136.52	Debit card
7.	27/06/2022	CB Payments	£526.51	Debit card
8.	28/06/2022	CB Payments	£2,616	Debit card
9.	28/06/2022	CB Payments	£55.70	Debit card
10.	03/07/2022	CB Payments	£100	Debit card
		Total	£13,505.26	

Mr R eventually realised he'd been scammed when he was unable to withdraw any of his profits.

Mr R reported the fraud to Monzo, but it refused to refund the money he'd lost as it said he'd authorised the payments and made them to his own account. Unhappy with this, Mr R referred the matter to our service.

Our investigator upheld the complaint. He didn't think the first five payments Mr R made as

part of the scam would have appeared particularly unusual or out of character, so they wouldn't have required any intervention by Monzo. However, when he came to make the £3,136.52 payment on 27 June 2022, the investigator thought Monzo should have made further enquiries as it was the third payment being made to the same payee in quick succession.

Had Monzo intervened, the investigator thought any further financial loss to the scam could have been prevented, so the investigator asked that Monzo refund the payments made from this point onwards, albeit initially with a 50% deduction for Mr R's own contributory negligence due to his lack of independent research into the scam broker.

Monzo agreed to settle the complaint on this basis and refunded 50% of the payments, totalling £3,217.37. However, Mr R disagreed. He thought that Monzo should have intervened sooner, and also didn't think it was fair for a deduction to be made for his lack of research, as there was no negative information about E he could have found at the time.

The investigator still didn't think there was any cause for Monzo to have intervened sooner than the £3,136.52 payment but altered his opinion on Mr R's responsibility for his loss. The investigator issued a further view explaining that he didn't believe it would be fair to make a deduction for Mr R's own contributory negligence because, although Mr R may not have carried out sufficient independent research, it didn't seem likely he would have found anything negative about the broker even if he had. So, he recommended that Monzo refund 100% of the payments.

Mr R accepted the investigator's recommendations and agreed to settle the complaint on this basis, but Monzo disagreed as it thought a 50% deduction was fair. As Monzo disagreed, the matter has been escalated to me to determine.

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 and have decided to uphold it.

It isn't in dispute that Mr R has fallen victim to a cruel scam here, nor that he authorised the payments. Monzo has also accepted that it should have intervened when he made the £3,136.52 payment on 27 June 2022, and that it could have likely prevented any further loss if it had done so, as it agreed to refund the payments made as part of the scam from this point onwards, albeit with a 50% deduction. Mr R has also since accepted that it's from this payment that Monzo should have intervened, as he accepted the investigator's most recent recommendations. Given these points are no longer in dispute, I do not intend to explore them any further.

What remains in dispute in this case is whether Monzo should refund 100% of the payments, or whether it would be fair and reasonable for it to only refund 50% in recognition of Mr R's lack of due diligence and negligence that contributed to his loss. And having considered the arguments from both parties, I'm not persuaded it would be fair and reasonable to make a deduction for contributory negligence in these circumstances. I'll explain why.

Mr R said he carried out his own research into E by researching articles and having discussions with other investment companies. He also discussed safe ways of investing online with other friends and experienced investors and signed up to newsletters from investment news websites. He was also encouraged that he was paying money to Coinbase,

which he had also researched and discovered was a legitimate cryptocurrency platform.

I appreciate that this research does not necessarily pertain directly to the credentials and legitimacy of E who he was intending to invest with. But after carrying out my own research, it doesn't appear that Mr R would have found anything significantly adverse or negative about the broker at the time. So, even if he did fail to carry out sufficient due diligence, I'm not persuaded he would have come across any warnings or been deterred from investing even if he had. Therefore, his lack of due diligence cannot be said to have *contributed* towards his loss in these circumstances, meaning it wouldn't be fair to make a deduction on that basis.

As a result, I'm satisfied it's fair and reasonable in all the circumstances for Monzo to refund 100% of the payments Mr R made to the scammer, from the £3,136.52 payment made on 27 June 2022 onwards.

Mr R has said the payments were funded by money from his business account that he transferred to his personal account in order to make the 'investment'. If Monzo had intervened on 27 June 2022, it seems likely he would have returned the funds borrowed from his business back to its account. As a result, I'm satisfied a fair rate of interest to pay on the award is the applicable business account rate at the time the payments were made. However, despite requests for evidence of his business account interest rate at the time, Mr R has not provided anything. So, unless he is able to provide this to Monzo, the bank will not have to pay any interest on his award.

My final decision

For the reasons given above, I uphold this complaint and direct Monzo Bank Ltd to:

- Refund the payments Mr R made to the scammer from payment number six (outlined in the payment table above) onwards – totaling £6,434.73
- Pay interest on this amount at the rate applicable (if any) to Mr R's business account from which the funds were received, from the date of loss until the date of settlement.

Mr R should provide reasonable evidence of the applicable interest rate at the time so Monzo can calculate the interest due, within 28 days of receiving his acceptance of this decision. If no evidence is received by this point, no interest will be payable on the award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 January 2024.

Jack Ferris
Ombudsman