

The complaint

Mr C complains that Monzo Bank Ltd didn't do enough to protect him when he was the victim of a crypto investment scam.

Mr C is being supported by a representative, but for ease, I'll refer to Mr C throughout this decision.

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.

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I will focus on giving the reasons for my decision.

It isn't in dispute that Mr C authorised the disputed payments he made to his crypto exchange account ('C') from his account with Monzo (where his funds were subsequently transferred on to the scammers). The payments were requested by him using his legitimate security credentials provided by Monzo, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, taking account of good industry practice, I've considered whether Monzo should've done more to protect Mr C.

Mr C set up a Monzo account and the account with 'C' on the advice of the scammers. I can see from his bank statement that he made 18 payments to his account with 'C' from his Monzo account between 8 September 2022 and 6 October 2022. The payments totalled over £90,000. Between 18 August and 6 October 2022 Mr C had also been making payments towards the investment scam from another bank account (Bank A).

Monzo blocked a payment Mr C made on 8 September 2022 for £3,180 and contacted him for further information about it. Where there is an interaction between a bank and its customer in relation to a suspicious payment, we'd expect the bank to do all it can to fully understand the nature of the payment the customer is trying to make.

Monzo asked Mr C several crypto investment related questions. This specifically included questions around whether there was a third party involved who was helping and advising Mr C; what research he'd done; how he was contacted about the investment; whether he'd been asked to download any software; and whether anyone had helped him set up/had access to his crypto exchange account. Monzo also asked Mr C why his investment was being made by way of individual transactions, rather than a one-off payment.

Mr C provided Monzo with a screen shot of his account with 'C' showing a successful payment made into the account from Bank A. He also maintained throughout his interaction

with Monzo that there was no third-party involvement, and that this was something he'd wanted to do for a long time. He said the investment was recommended by a friend and only he had access to his account with 'C'. And that it had been his preference to make the investment payments in instalments. Mr C also said:

'My whole reason for opening the account with [Monzo] is because [Bank A] has made it very difficult for me to buy crypto ...'

Based on Mr C's responses, Monzo was happy for the payment to be released. Before doing so, it told Mr C the following:

'Thanks for all the info so far. I just wanted to explain, we have a regulatory responsibility to make sure our customer's money is safe. When we have concerns that a customer might be falling victim to a scam, we block the payment before it's sent and reach out like this to make sure that your money is going somewhere legitimate so that you don't lose it. We also see that scammers will ask you to give us false reasons for why you need to make this payment to maximise the chances of scamming you - because of that - we need to see something to show this payment was legitimate'.

Monzo went on to say:

'Just to let you know, if you've provided us with any misinformation across our chat that results in you sending a fraudulent payment, we will not be able to refund you for the money lost. Can you confirm that you understand and agree with all of the above?'

Mr C responded:

'Yes thank you for your concern'.

I accept Monzo knew Mr C had opened the account for the purposes of a crypto investment. It should've therefore been on notice there was a possibility this was a scam, and I think it was right to have questioned Mr C about the 8 September 2022 payment. But not all crypto investments are scams, and Monzo's line of questioning to Mr C was clearly designed to tease out more information from him to see if there were any clear hallmarks of a crypto investment scam in this specific case.

Yet despite this, Mr C didn't divulge that he had an 'account manager' from a trading company ('P') who would be trading on his behalf – thus having access to his account with 'C'. Nor was Mr C honest about how he'd found out about the investment (on social media). Mr C maintained his responses despite Monzo's warnings about providing misinformation.

Mr C thinks Monzo should've probed more deeply when it interacted with him, particularly as it knew he was investing in crypto, and not just relied on what he said. But I think Monzo gave Mr C ample opportunity to divulge the background to the investment. And it specifically alerted Mr C to the fact that scammers will guide their victims to provide false answers, and the impact on Mr C of providing misinformation.

But Mr C gave no suggestion to Monzo that his responses were anything other than correct. So, I don't think Monzo would've had any obvious reason to disbelieve what Mr C was saying. Nor do I think Mr C provided information that ought to have prompted a different line of questioning from Monzo.

Whilst I think Monzo took reasonable action here to protect Mr C, I've thought about whether any more probing by Monzo, or its intervention in other payments, would've made a difference. But on balance, I don't think it would've done.

I can tell from Mr C's interaction with Monzo that he was completely caught up in the scam. But I'm also mindful that Mr C was given some thinking time before he responded to Monzo's questions, which gave him time to reflect on the warnings Monzo was giving – and the accuracy and significance of the answers he was providing.

I'm also mindful that Mr C's initial contact with 'P' was because he'd enquired about investing in crypto. He wasn't contacted out of the blue or pressured into investing – it had been his choice. Mr C was also engaged with 'P' about the investment since July 2022 and had been making payments from Bank A since 18 August 2022. And Mr C specifically set up the account with Monzo to facilitate the investment.

This all suggests to me an element of choice in Mr C's actions and a strong motivation to make the payments regardless of any warnings he received.

Furthermore, Mr M was in constant communication with his 'account manager' who would ***'calculate and advise [Mr C] on when to deposit the funds, and then he would do the trading for him'***. Mr C also said he was kept fully informed about his profits and was able to make withdrawals. It was only at the point Mr C wanted to withdraw all his funds and was asked to pay tax and fees, and then lost contact with the 'account manager' in November 2022 that he had any concerns the investment might not be genuine.

Considering all these points, I'm satisfied Monzo did enough to reasonably ascertain whether Mr C was at risk of financial harm from fraud – and, based on the information Mr C disclosed, I'm satisfied Monzo gave appropriate warnings and advice to Mr C. And even if it had probed or questioned Mr C further on a later transaction(s), there's nothing to suggest he would've answered any differently.

Taking everything into account, I don't disagree that Mr C has been the victim of a sophisticated and cruel crypto investment scam. But I think Monzo took reasonable action to protect him. And I think any further action from Monzo is unlikely to have made a difference. So, I don't think it's fair or reasonable to hold Monzo accountable for Mr C's loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision **before 12 December 2023**.

Anna Jackson
Ombudsman