

The complaint

Mr W initially through a representative complains that Monzo Bank Ltd ("Monzo") have failed to refund money that Mr W lost as part of an investment scam.

What happened

The circumstances of the matter are well known to both parties so I will not go into too much detail as to what happened.

But in summary; Mr W's representative explained that Mr W was introduced by a friend to a crypto trading company that I will call B. This friend showed Mr W that he had made substantial profits from B and had shown him that he had also made withdrawals from his profits.

From what I can see he made three payments (the largest of which was £4,299.73) over a three day period in December 2022 to a crypto exchange where the funds were converted into crypto before being sent on to B.

Mr W realised that he had been scammed and via a representative raised a complaint with Monzo as he believed that Monzo should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that had Monzo intervened and provided a warning it would not have stopped the scam.

Mr W, now no longer represented, did not agree with this and therefore his complaint was passed to me to issue a final 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 for the following reasons:

It isn't in dispute that Mr W authorised the disputed payments he made (where his funds were subsequently transferred on to the scammers from his crypto wallet). 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, I've considered whether Monzo should have done more to prevent Mr W from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance the payments were of a larger size compared to the payments that Mr W usually made. They were also being made to a crypto exchange that had an IOSCO warning about it carrying out unregulated activities. So, I think that Monzo should have intervened and asked further questions about the payments.

But had it do so, I don't think that an intervention would have altered Mr W's decision to carry on with the transactions in question. To explain, Mr W was recommended the investment by a friend. The friend said and demonstrated that he had made and withdrawn "profits". And, finally there were no credible warnings available online about B either. So had a warning been given by Monzo I don't think it would alter Mr W's decision to continue with the transactions in question.

I've also thought about whether Monzo did enough to attempt to recover the money Mr W lost.

In this instance the debit card payments could potentially have been recovered by a chargeback. But in this case, a chargeback would not have been successful, as the transactions Mr W used his debit card for was to pay for the purchase of cryptocurrency, which he duly received. It was only when the cryptocurrency was transferred from his crypto wallet to the scammer did the loss then occur. So, he could not claim that he did not receive the goods or services paid for from his Monzo account, which was the purchase of the cryptocurrency. As a result, I don't think Monzo have acted unreasonably by failing to pursue a chargeback claim here.

I appreciate this will come as a disappointment to Mr W, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for his loss in these circumstances.

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 W to accept or reject my decision before 29 March 2024.

Charlie Newton
Ombudsman