

## The complaint

Miss I complains that Monzo Bank Ltd didn't do enough to protect her when she was the victim of a crypto investment scam.

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

## What happened

The background to this complaint is well known to both parties, and so I'll only refer to some key events here.

Miss I met someone (the scammer) on a dating app and he introduced her to crypto investments. She said he showed her how to trade, helped her set up a crypto wallet with a legitimate crypto exchange, as well as putting together an investment plan for her.

Between 12 and 16 March 2023 – Miss I made payments towards the investment scam as follows:

Date	Amount
12 March 2023	£300
15 March 2023	£500
16 March 2023	£2,000 (overdraft)
16 March 2023	£3,000 (loan)

On 13 March 2023 Miss I received a return on the investment of £322.92. So, her total loss amounts to £5,477.08

When Miss I was asked by the scammer to make payments to facilitate further withdrawals, she became concerned that she'd been the victim of a crypto scam.

Miss I contacted Monzo about the scam on 19 March 2023. Around the same time, she complained to Monzo, via her representatives. Essentially, Miss I said Monzo hadn't intervened in any of the payments or provided effective warnings. If it had, Miss I thought the scam would've been uncovered and her loss prevented.

Monzo said it wasn't responsible for Miss I's loss. In short, it said she'd authorised payments that went to an account in her own name.

Unhappy with Monzo's response, Miss I referred her complaint to the Financial Ombudsman. She maintained Monzo hadn't done enough to protect her and should've intervened in the payments given their size and destination, and because they'd been funded through borrowing. She wanted the funds returned, plus 8% interest.

One of our Investigators considered the complaint but didn't uphold it. She thought Monzo should've intervened in the payments – but wasn't persuaded that such intervention

would've made a difference and prevented Miss I's loss.

Miss I didn't agree and asked for an Ombudsman to issue a final decision. She said Monzo should've intervened in the payments, and if it had done and asked appropriate questions, it would've become clear that the situation she was in displayed all the hallmarks of a crypto investment scam.

### **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've decided not to uphold this complaint, for largely the same reasons as our Investigator. I know this is not the answer Miss I was hoping for and so this will come as a disappointment. I'm really sorry to hear she's been the victim of a scam and has lost money as a result. I can understand why she'd want to do all she can to recover the money she lost. But I need to decide whether Monzo can fairly and reasonably be held responsible for Miss I's loss. Overall, I've decided that it can't be. I'll explain why.

But first, I'd like to say at the outset that I've summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Monzo could've prevented Miss I's loss.

I accept the transactions Miss I made were authorised payments, even though she was the victim of a sophisticated crypto investment scam. So, under the Payment Services Regulations 2017 and the terms and conditions of her account, Miss I is presumed liable for the loss in the first instance.

However, taking into account what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Taking all of this into account, I need to decide if Monzo acted fairly and reasonably in its dealings with Miss I when she made the payments, specifically whether it should've done more than it did before processing the payments – and if it had, would that have made a difference.

I agree with our Investigator and Miss I that the payments she made as part of the investment should've prompted some sort of intervention from Monzo. It's worth pointing

out that at the time these payments were made, the prevalence of crypto investment scams meant many firms, including Monzo, recognised that crypto related payments carried a risk of the likelihood of the transaction being related to a fraud or scam.

And in Miss I's case, I think the pattern of the payments, the fact they were related to crypto, and were funded by borrowing should, on balance, have given Monzo some cause for concern and prompted it to contact Miss I before the payments were processed.

But the point in contention here is whether *any* reasonable intervention by Monzo in any of the payments – either a tailored written warning or a human interaction - would've likely made a difference and prevented Miss I's loss. I've given this point careful thought, and on balance, I don't think it would've done. I'll explain why.

From the WhatsApp messages between Miss I and the scammer – it's clear that she was completely caught up in the investment. And the scammer, whilst clearly advising and guiding her on the investment process, is doing it under the guise of a growing romantic relationship – not in a professional capacity as a broker or financial advisor. Miss I has also said she completely trusted the scammer – believing he was going to help her have a better life.

Miss I received a return on her investment and was able to see her profits – as well as the scammer's substantial profits, who she believed was investing too. Miss I has also told us that the scammer made it look like he'd transferred his own money into her crypto wallet so she could make better returns – further enticing her to invest. And that the trading website looked professional and genuine, and she found no adverse information online. I can also see that the scammer offered to lend Miss I money towards the investment and provided constant reassurance to her about the legitimacy of the investment and the promise of returns.

Miss I also borrowed money to fund the investment which indicates an increased level of belief in its legitimacy, and its likely returns. And I can see from the conversation with the scammer that he suggested to Miss I that she shouldn't divulge the true reason for the borrowing to Monzo – to increase the chances of it being granted. He said:

***' ... you go to the bank and apply for a loan, and when they ask you what you need the money for, you tell them you need money to buy a car'.***

The scammer also suggested to Miss I that she borrow money from friends and family to fund the investment but that:

***'when you go to the bank tomorrow or borrow money from your friends, you can't tell them about cryptocurrencies because no one will lend money to investors. Many people don't believe in cryptocurrencies ... you can tell the bank directly that you use the money for living bills. Shop online, or buy building materials'.***

There's also a discussion around the use of different payment methods to reduce the likelihood of Monzo blocking the payments.

All this suggests to me that it's more likely than not Miss I wouldn't have been completely honest with Monzo had it questioned her about the payments.

Even if Miss I had divulged anything to Monzo that prompted it to alert her to the possibility that the investment could've been a scam, because of the nature of her relationship with the scammer – and the obvious trust she had in him – I think, on balance, it's likely she would've still proceeded with the transactions here.

Taking everything into account, I don't disagree that Miss I has been the victim of a sophisticated crypto investment scam. But I don't think any reasonable action from Monzo at the time of the payments is likely to have made a difference. So, I don't think it's fair or reasonable to hold Monzo accountable for Miss I's loss.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision **before 15 February 2024**.

Anna Jackson  
**Ombudsman**