

## **The complaint**

Mr G complains that Monzo Bank Ltd (“Monzo”) didn’t do enough to protect him from the financial harm caused by an investment scam company, or to help him recover the money once he’d reported the scam.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I’ll only provide a brief overview of some of the key events here.

Mr G complains that he was the victim of an investment scam. Between 3 February and 29 October 2021 Mr G sent a total of over £25,000 from his Monzo account to his Binance account, and then after converting the money into a crypto currency, he sent that on to a company that I will call B. Mr G says he researched B himself and he found positive reviews.

B purports to be a “Smart Yield Optimizer Platform” that allows people to stake what seems to be crypto tokens in order to receive profits in the form of daily interest. Mr G says that in December 2021 B was “hacked” and his funds were stolen from B.

Mr G says that Monzo should have provided him a warning about dealing with B and that had this occurred he would not have sent the funds to Binance to then forward onto B.

One of our investigators looked into this matter already he said that there was no evidence B was operating fraudulently at the time of the transactions. He also did not think that a general warning from Monzo would have stopped Mr G from completing the transaction.

Mr G has asked for his complaint to be reviewed by an Ombudsman, and has provided more evidence that B may have been a scam. He has questioned how our investigator could have reached his conclusion that B wasn’t operating a 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 reached the same conclusion as our investigator. I know Mr G feels strongly about this complaint and this will come as a disappointment to him, so I’ll explain why.

I’m satisfied Mr G ‘authorised’ the payments for the purposes of the of the Payment Services Regulations 2017 (‘the Regulations’), in force at the time. So, under the Regulations, and under the terms and conditions of his bank, he is presumed liable for the loss in the first instance.

Firstly, I should explain that not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk unregulated investments. In this instance it seems that the loss that Mr G suffered was due to B being hacked. Whilst I note that Mr G believes that this may have essentially been orchestrated by B itself, I do not think that this is sufficient evidence to demonstrate that B was always a scam or that, more importantly, this should have been apparent to Monzo.

That said though I don't intend to make a finding on whether B was operating a scam or scammed itself because, even if it was, it doesn't make a difference to the outcome of this complaint. I'll explain why.

To uphold this complaint, I'd need to be satisfied that Monzo could have done more to prevent Mr G's loss. Investing in cryptocurrency is a legitimate, albeit highly risky, endeavour. However, Monzo reasonably should have been on alert to fraud and scams and so I would need to consider whether it ought to have intervened to warn Mr G when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Monzo to intervene with a view to protecting Mr G from financial harm due to fraud.

I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr G normally ran his account. Based on what Mr G has provided in relation to his transaction history, I don't think that they were sufficiently out of character. So, I don't think Monzo should have intervened when Mr G made the payments.

However, even if Monzo had warned Mr G about the risk of fraud and given advice on additional checks he could make, and I still don't think that it needed to, I'm not satisfied this would have made a difference to his decision to go ahead with the payments. Especially as what Mr G was intending to do, which was to stake crypto on a decentralised finance platform, does not have the hallmark of a typical investment scam and is a legitimate, if risky, way to earn money.

There was no requirement for B to be regulated by the Financial Conduct Authority ("FCA"). So, even if Monzo had warned Mr G about the risk of fraud in general and advised him to undertake some more research, Mr G believed the investments was genuine. I don't think there was any information available in the public domain at that time which would reasonably have stopped him from going ahead with the investment. On the contrary, it seems only with the benefit of hindsight does Mr G now believe that it was a scam.

I note Mr G's comments that he believes he has been scammed and that it is a bank's duty to protect his funds, but ultimately he chose to send funds to what appeared at the time to be a legitimate crypto staking platform. Monzo are only responsible for protecting him from fraud which can be reasonably detected in the transactions made on his account – and not preventing him from engaging in risky investments. So, I don't think that Monzo should have been aware that he was at risk of fraud or should have prevented him from making the transactions in question.

I have considered whether Monzo could have recovered the funds via other means such as a chargeback or through the Contingent Reimbursement Model. But as the payments were made to an account in his own name and he received the crypto he paid for I don't think there were any other means of recovering the funds.

I'm sorry to hear Mr G has lost money and the effect this has had on him. But I can't fairly say that Monzo needs to refund the transactions in questions.

**My final decision**

For the reasons I've outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 March 2024.

Charlie Newton  
**Ombudsman**