

The complaint

Miss S complains that Monzo Bank Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In early 2023, Miss S saw an advert for a cryptocurrency investment company online. She clicked on the link, filled out an enquiry form on the company's website and then received a phone call from someone who said they worked as a broker for the company. Miss S made a card payment from another bank she had an account with to pay for her initial investment. And the broker then helped her open accounts with Monzo, two cryptocurrency exchanges, and on the company's trading platform.

Miss S then made a number of payments from her Monzo account to the cryptocurrency exchanges to buy cryptocurrency, which was then sent on to wallet details she was given for the investment company. I've set out the payments Miss S made from her Monzo account below:

Date	Details	Amount
9 February 2023	To 1 st cryptocurrency exchange	£1,000
10 February 2023	To 1 st cryptocurrency exchange	£1,000
10 February 2023	To 1 st cryptocurrency exchange	£1,000
21 February 2023	To 1 st cryptocurrency exchange	£2,000
22 February 2023	To 1 st cryptocurrency exchange	£2,000
24 February 2023	To 2 nd cryptocurrency exchange	£2,681.97
13 April 2023	To 2 nd cryptocurrency exchange	£2,000
14 April 2023	To 2 nd cryptocurrency exchange	£1,000
28 April 2023	To 2 nd cryptocurrency exchange	£2,000
29 April 2023	To 2 nd cryptocurrency exchange	£2,000
30 April 2023	To 2 nd cryptocurrency exchange	£2,800

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after Miss S tried to withdraw the profit the platform showed she had made. She was able to withdraw some of the profit, but was told she needed to pay more money in before she could withdraw most of it. Miss S says she was then told to speak to a different broker from the company, who was very rude and abrupt with her. And Monzo blocked the withdrawal of some of the profit coming into Miss S's account, called her to discuss it, and said it sounded like she was the victim of a scam.

Miss S then asked Monzo to refund the money she had lost, but Monzo didn't agree to, so she referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Monzo could reasonably have been expected to prevent the scam. So they didn't think it should have to refund the loss Miss S had suffered. Miss S disagreed with our investigator, so the complaint has been passed to me.

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 don't think it would be fair to require Monzo to refund the payments Miss S made. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Miss S accepts she made the payments, or was at least aware the payments were being made, here. So while I recognise she didn't intend for the money to ultimately go to scammers, she did authorise the payments. And so the starting position in law is that Monzo was obliged to follow her instructions and make the payments. So Miss S isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think 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 account providers 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.

But, even if Monzo had identified that Miss S was potentially at risk of financial harm from fraud as a result of some of these payments she made and carried out further checks before allowing them to go through, I don't think this would have prevented Miss S from making the payments or losing the money she did.

In these circumstances and given the size and pattern of the payments Miss S was making, I think it would be reasonable to expect Monzo's checks to include a tailored written warning to her about cryptocurrency investment scams and the key features of them.

But, from what I've seen of her correspondence with the cryptocurrency investment company, Miss S was sending the broker copies of the messages she received from Monzo when she was making the payments. She told the broker the questions she'd been asked, asked them what she should say in response, and said she wouldn't do anything until she heard from them.

The broker then told Miss S what to say in response to Monzo's messages, and Miss S appears to have followed their instructions. The messages between them also appears to show that the broker told Miss S to make the payments from her Monzo account after there were delays making them from another bank she had an account with.

So even if Monzo had shown Miss S the tailored warning I think it should have done here, I think it's likely she would have asked the broker about it and followed their instructions on how to respond to it – as she did with the messages Monzo did actually show her. And so I don't think the tailored warning I would've expected Monzo to have shown Miss S would've stopped her making the payments or losing the money she did.

I appreciate that Miss S has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Monzo's responsibilities here and, for the reasons I've set out above, I don't think anything I would reasonably have expected Monzo to have done would have prevented the loss she suffered. I therefore don't think it would be fair to require Monzo to refund the payments Miss S made.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 30 August 2024.

Alan Millward
Ombudsman