

The complaint

Mr W is unhappy that Monzo Bank Ltd won't reimburse money he lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr W has explained that between September and November 2023 he made payments from his Monzo account to buy cryptocurrency which he ultimately lost to an investment scam.

Mr W says he came across an investment company, who I will refer to as P, through social media. He has told us he watched videos on P and that he carried out research on it. He was also added to a messaging group with other investors. He opened an account with P where he's told us he had access to a trading platform. Mr W proceeded to make payments to P through various cryptocurrency exchanges.

After making several payments he tried to make a withdrawal and it was at this point he realised he had been scammed. Mr W reported he had been scammed to Monzo. Mr W has told us he lost £5,275 as a result of the scam.

Mr W raised a complaint with Monzo in November 2023. Monzo didn't think it had done anything wrong by allowing the payments to go through. So, Mr W brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think the payments Mr W made were unusual and so they didn't feel Monzo should have identified a scam risk. Mr W didn't agree. He said, in summary, that the payments were unusual compared to his previous account activity and that Monzo had a duty of care to protect its customers.

Mr W's complaint has now been passed to me for review and a 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.

I'm sorry to disappoint Mr W, but I'm not upholding his complaint - for broadly the same reasons as the investigator.

The evidence Mr W has provided of his involvement in the scam looks to be fairly generic, and I'd usually be looking for some more evidence to show that Mr W was involved in the scam and had suffered a loss because of it. But because this doesn't make a difference to the outcome of Mr W's complaint, I'm going to proceed on the basis that Mr W did suffer a loss to the scam he's described.

Mr W has asked whether he is entitled to a refund of the scam payments under the “PSR legislation”. I’m not sure if he’s referring to the voluntary Contingent Reimbursement Model (CRM) code, which provides customers with protections where they’ve been victims of an Authorised Push Payment scam, or scams which don’t fall under the CRM Code. A mandatory reimbursement scheme was also introduced more recently by the Payment Systems Regulator which came into force in October 2024. However, Mr W made all his payments by debit card and none of these schemes apply to debit card transactions. I’ve therefore considered whether Monzo should reimburse Mr W under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Monzo are expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I’d expect any intervention to be proportionate to the circumstances of the payment.

The starting point here is whether the payment instructions given by Mr W to Monzo were unusual enough to have expected additional checks to be carried out before the payments were processed. Monzo didn’t identify that Mr W might be at risk of financial harm from a scam when he made the disputed payments. So, I need to decide if the transactions were concerning enough that I would have expected Monzo to have had a closer look at the circumstances surrounding them. But I also need to keep in mind that banks such as Monzo process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they are legitimate.

I’ve reviewed Mr W’s account statements, and I can’t conclude that the payments made to the scam would have looked particularly unusual or out of character to Monzo. The highest payments made in relation to the scam were £1,480 but the majority of the transactions were under £255. All the payments made were relatively modest so I can’t say Monzo should have been particularly concerned about them or that they would have presented an obvious scam risk in value alone.

I’ve also considered the frequency of the payments and that the funds were being sent to cryptocurrency exchanges. The scam payments were made over a three-month period and although there was a slight escalation in frequency, I still wouldn’t have expected that to have caused Monzo concern.

Mr W has advised that Monzo should have intervened as the payments related to cryptocurrency and that Monzo were closing accounts where customers were making small cryptocurrency payments. The payments were made to legitimate cryptocurrency exchanges. And while there are known fraud risks associated with cryptocurrency, as scams like this have unfortunately become more prevalent, not all payments related to cryptocurrency are scam related. This means that I wouldn’t expect Monzo to intervene on a payment just because it related to cryptocurrency. So, while Monzo should be looking out for signs that their customers are at risk of financial harm from fraud, I’m not persuaded the value or frequency of the payments were so unusual or suspicious for Monzo to have suspected Mr W was at risk of financial harm - thereby prompting it to intervene before processing them.

Taking all of this into consideration, I don't think Monzo ought to have done more before following the instructions Mr W gave.

I'm sorry to hear Mr W suffered a financial loss as a result of what happened. But it would only be fair for me to direct Monzo to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Monzo has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, 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 22 April 2025.

Aleya Khanom
Ombudsman