

## The complaint

Mr W complains that Monzo Bank Ltd did not refund the money he says he lost to a scam.

## What happened

I won't repeat what happened in detail as both parties are aware of the circumstances of the complaint. In summary, Mr W says he was contacted on a messaging service by a broker, who said they could help him invest his money in cryptocurrency. But he says this turned out to be a scam, and that he lost over £54,000 from his Monzo account over the course of around a year and a half.

Mr W made the majority of the payments to a Binance account, which he says was in his name. Mr W has said Monzo should not have allowed any payments to go through to Binance, as he said they have been banned from operating in the United Kingdom ("UK"). Because of this, he asked for a full refund of the money he had sent to Binance and lost as part of the scam.

Mr W raised a scam claim with Monzo, but they did not provide a meaningful response, so he referred the complaint to our service. Our Investigator looked into the complaint but did not think it should be upheld. They highlighted that Monzo was not required to stop all payments to Binance, as they had not been banned from dealing in cryptocurrency, which is unregulated in the UK.

Mr W disagreed with the outcome and still felt Monzo should have blocked the payments to Binance due to the Financial Conduct Authority's ("FCA") warning about them as a company.

The complaint was referred to me and I issued a provisional decision not upholding it. My provisional decision read as follows:

*I firstly have to consider if Mr W has been a victim of a scam. Some aspects he has mentioned, such as being added to a group on a messaging service and downloading Anydesk, do fit the pattern of a scam. However, I have not been provided with any evidence to show what happened, or what losses Mr W may have incurred. I'll explain in more detail.*

*Mr W says that the scammer deleted the chat between themselves, so he no longer has any evidence of their correspondence. And Mr W has not been able to provide any evidence of the group chat he says he was added to. Because of this, it isn't possible for me to know what was said to Mr W, how a scam could have started or what his understanding of the payments were. It is therefore difficult for me to agree that a scam occurred and if it did, what kind of scam it was.*

*Mr W has provided us with a screenshot of his Binance account, however this does not show the transaction history going in and out, so it is not possible for me to see what losses, if any, he incurred. Because of this, even if I were to agree that a scam occurred and that it should be upheld, it would be difficult to quantify Mr W's loss.*

*Mr W made a number of payments to other cryptocurrency exchanges during the same time*

*period as the alleged scam, however he has not raised a complaint about these payments and instead has suggested he feels these were to legitimate, regulated cryptocurrency companies. This suggests to me that Mr W was making legitimate trades and investments on other cryptocurrency platforms that he does not think were linked to the scam. And this in turn makes it difficult to differentiate between the payments to Binance which he feels were fraudulent.*

*I've reviewed Mr W's Monzo account statements, and I can see there were a significant number of credits into his account from Skrill, a cryptocurrency payment provider. It is a common tactic of some investment scams for a victim to be able to withdraw some token payments from the investment towards the beginning of the scam, in order to induce them into sending more money. However, in Mr W's case, he received a total of £9,638.14 in credits into his Monzo account over the course of six months, during which time he only transferred £1,843 to cryptocurrency companies, with only £450 going to Binance in that time. This therefore does not fit the normal pattern of fraud that I would expect to see when a scam has occurred. And instead, it fits the pattern of a genuine investment that fluctuated over time.*

*I would like to address Mr W's comments that Monzo should have blocked the payments going to Binance, because of the FCA's warning about them. I can see that the FCA issued a consumer warning about a separate legal entity to Binance, named Binance Limited. In this, they said that Binance Limited was not able to engage in regulated activities within the UK. However, the buying and selling of crypto was an unregulated activity and therefore not banned.*

*I understand that other financial institutions made the decision to ban payments to Binance in light of the FCA's warning, however they were not required to do so. And with this in mind, I cannot therefore say Monzo made an error when it decided not to ban payments to Binance related to cryptocurrency.*

*Based on what I've seen so far, I have not seen enough evidence for me to agree it is more likely a scam occurred in the circumstances. And, as explained above, I do not think Monzo made an error when it processed payments to Binance.*

Monzo did not provide a response to my provisional decision.

Mr W responded and provided some additional evidence for me to consider. In summary he said:

- There were patterns of a scam, such as small financial gains to induce further payments.
- It is a known tactic for scammers to delete all traces of communication.
- He reiterated that Monzo should have blocked the payments to Binance due to the FCA's warning.
- He feels Binance have wiped evidence on their platform of money being stolen from his Binance account.
- He confirmed that he had made legitimate cryptocurrency trades using other platforms, but felt this should not diminish the fraudulent nature of the Binance payments.

### **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 do not uphold Mr W's complaint, largely for the reasons set out in my provisional decision. I will answer Mr W's additional comments in turn.

Mr W has gone into significant detail about the FCA warning for Binance Limited as well as the intrinsic connection he feels there is between the separate legal entities of Binance. While I do understand his strength of feeling that Monzo should apply a ban to all payments made to Binance, or provide a warning about them as a company, I do not agree that Monzo has made an error in not doing so.

As set out in my provisional decision, the FCA issued a warning about a separate legal entity which Mr W did not make payments to. And in this warning, they said that the separate legal entity could not engage in *regulated activities* in the UK. However, the buying and selling of cryptocurrency is not a regulated activity, and therefore was not banned by the FCA. Because of this I cannot agree that Monzo made an error when it allowed payments to go through to Binance. I also recognised that other financial institutions had decided to stop processing payments to Binance, but they were not required to do so, and I cannot agree that Monzo should also have stopped processing payments to Binance.

Mr W has said while there is no physical evidence of the scam occurring, I should take other evidence such as the pattern of the payments and the circumstances leading up to the scam into consideration. I would like to assure Mr W that I have considered everything he has provided as part of the complaint, including the most recent evidence. And having done so, I still have not seen enough to safely conclude he has been the victim of a scam.

I have no evidence of what Mr W was told about the investment or how he found it, and he has said this is because the scammer deleted their account on the messaging platform they used to communicate, which in turn deleted their conversation. However, Mr W has also said he was added to a group chat on the messaging platform about the investment, but has not provided any evidence of this either. He has mentioned 'Binance crypto calls' as the scam company he thought he was interacting with, however no information about a scam related to this name appears when an online search is conducted.

Mr W has said he no longer has access to his Binance account, however he has since sent us a video of his Binance account, so it is unclear when or how he regained access. He has not sent any statements showing the cryptocurrency transactions made on the account that show his loss. In the video, Mr W highlights there is no liquidation history available on his account and has said he thinks this shows Binance have wiped evidence from their platform. However, the information he is trying to access is from three years ago, so I think it's also possible the information is no longer available due to the passage of time. I am still of the opinion that I have not been provided any evidence of the scam that Mr W says occurred.

Mr W has said that a common tactic of scammers is to give some small financial gains in order to induce the victim to give more money. However, as explained in my provisional decision, in a six-month period Mr W received of £9,638.14 in credits into his Monzo account from a payment provider linked to Binance, however he only sent a total of £450 to Binance in that time, and the last payment to Binance before that was seven-months prior. This does not follow the pattern of a small amount of financial gain and instead resembles a more genuine fluctuating investment.

Finally, Mr W has said that he did make genuine trades to other cryptocurrency platforms at that same time as the scam, however he feels these were to genuine, FCA regulated platforms. While the values of the payments were lower compared to the Binance payments, the frequency and pattern of payments were similar. So, it is difficult to differentiate from the payments Mr W says were genuine and the ones he says were the result of a scam. With all of this in mind, considering the lack of evidence that a scam occurred, and the available

evidence not following the pattern of a typical investment scam, I have not seen enough for me to say it's more likely the payments highlighted were the result of a scam. So, I do not think Monzo has made an error when it did not reimburse Mr W in the circumstances.

### **My final decision**

I do not uphold Mr W's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 September 2024.

Rebecca Norris  
**Ombudsman**