

## **The complaint**

Ms D has complained Monzo Bank Ltd did nothing to intervene and stop payments she made which turned out to be an investment scam.

## **What happened**

Ms D opened a bank account with Monzo on 1 August 2022. She also held accounts with other banks (who I'll call F and L).

In 2022 Ms D was struggling to manage her finances on her state pension alone. She'd become aware of cryptocurrency investments but didn't feel she was sufficiently aware of what this was and would need expert guidance. Ms D saw an advert on Instagram promoting online investment opportunities including cryptocurrency. This advert looked as if it had been endorsed by well-known TV personalities, so she felt it had the ring of truth about it. She got in touch with the number and registered with a trading company (who I'll call T).

Someone from the company encouraged her to load software onto her laptop allowing them to help her set up an account with a cryptocurrency platform (who I'll call B). Ms D believed she'd have control of this account and would be able to see the growth of her investments. It was around this time her account with Monzo was also set up.

Over a five-week period Ms D transferred significant amounts of money from her account with Monzo. She made 45 payments of amounts between £40 and £10,000. Until 29 August 2022 all of these were to her account with B. Thereafter payments were made to another money transfer wallet, a couple of named individuals and another company now understood to be involved in scams.

During this period Ms D also took out three large loans with two of her banks (L and F) and a finance company called Z. Ms D was led to believe income from further investment would ensure she could pay these off. As Ms D attempted to withdraw income from her investments which she knew were growing quickly, she was told she needed to make further payments to pay off tax owed.

Ms D subsequently realised she'd been the victim of a scam as she continued to be encouraged to make more payments.

Ms D took her complaint to Monzo in 2023. No final response was ever provided.

Ms D through her representatives brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. Unfortunately Monzo provided no evidence and continued to state they were unable to provide this. However our investigator had considered Ms D's complaint against both L and F. She noted that despite their protestations and interventions, Ms D had continued to make payments to the scammer. These continued well after the last of the payments Ms D had made from her Monzo account.

Our investigator didn't think there was anything wrong further she could ask Monzo to do.

Ms D disagreed with this outcome. She's asked an ombudsman to consider this complaint.

### **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 outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Ms D was scammed and has lost a considerable amount of money from her income, savings and money she borrowed. She has my sympathy about what she has gone through.

There's no dispute that Ms D made and authorised all of the payments. Ms D believed she was transferring money to her account with B enabling trading to be carried out or to facilitate the profit she'd made to be paid to her.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Monzo has an obligation to follow Ms D's instructions. So in the first instance Ms D is presumed liable for her loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Monzo should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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 (amongst 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 its customers from the possibility of financial harm.

Ms D fell victim to an investment scam. These unfortunately aren't particularly unusual but are invidious in the way those carrying out the scam inveigle themselves into someone's trust.

Based on the payments being made, I consider that Monzo should have identified the large, and unusual, payments Ms D was making. The opening of her account, followed by the spread of payments and the recipients of vast sums should have ensured intervention by Monzo.

Unfortunately Monzo, despite many requests, has provided us with no evidence that they intervened at all. Therefore based on what they've failed to confirm, I'm willing to accept they

carried out no interventions apart from perhaps generic written warnings which may not have been specific to Ms D's circumstances.

However I've reviewed the evidence L and F provided to us. There were transcripts of at least four phone calls where L blocked payments and had further discussions with Ms D. Ms D appears to have misled L about what was going on despite being given plenty of opportunity to tell them what she was doing. So specifically she told L that her Monzo account had been open for months which was clearly untrue.

I can also see that Ms D continued to make payments to the scammers from her F account from October 2022 to January 2023. This suggests perhaps that Monzo did block Ms D's continued payment usage, so she swapped accounts to continue making payments. Ms D continued to ignore written warnings, and calls with members of staff at F. This suggests to me that Ms D would have paid no attention to any warnings that Monzo did – or didn't – provide.

It's certainly true that scammers build up individuals to behave in a certain way to disguise what was going on. However in this case I cannot see Ms D conducted even a small amount of due diligence in deciding whether T was a bona fide company or not. So, for example, she didn't review the website for the Financial Conduct Authority and instead trusted positive reviews she saw on websites.

Overall I don't think it would be fair and reasonable to ask Monzo to refund any of Ms D's losses.

I say this with a heavy heart as I appreciate the financial and emotional damage this scam has caused Ms D.

### **My final decision**

For the reasons given, my final decision is not to uphold Ms D's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 5 July 2024.

Sandra Quinn  
**Ombudsman**