

## The complaint

Mrs S, on behalf of the estate of the late Mr S, complains that Monzo Bank Ltd did not refund a series of payments he lost to a scam.

For the purposes of this decision, I will mostly refer to Mr S instead of the estate of the late Mr S.

## What happened

Mr S found an advert for an investment company online and sent his details to them. I'll call the company 'X' in this decision. Mr S and X began communicating over messages and phone calls about an investment opportunity for to a new cryptocurrency coin related to PayPal. Mr S was promised returns of over 300% on his original investment, so he opened a Monzo account, as well as a cryptocurrency account to facilitate the trades. Mr S started out with small investments and received some small returns. As he felt his returns were growing, he began making larger investments. He made the following transfers from his Monzo account:

Date	Payment type	Amount (£)
17/03/2022	Faster payment out	50.00
18/03/2022	Faster payment out	50.00
21/03/2022	Returns	128.29-
25/03/2022	Faster payment out	20.00
25/03/2022	Returns	70.00-
15/04/2022	Returns	70.00
15/04/2022	Faster payment out	2,400.00
09/06/2022	Returns	100.00-
09/06/2022	Faster payment out	50.00
09/06/2022	Faster payment out	7,000.00
09/06/2022	Returns	70.00-
10/06/2022	Faster payment out	8,000.00
23/06/2022	Faster payment out	13.00
23/06/2022	Faster payment out	6,000.00
23/06/2022	Faster payment out	7,000.00
29/06/2022	Faster payment out	10,000.00
12/07/2022	Faster payment out	2,000.00
12/08/2022	Faster payment out	10.00
12/08/2022	Faster payment out	9,990.00
<b>Total</b>		<b>52,583</b>

Mr S was led to believe that he made an error on the final payment which made him lose all of his funds. Unfortunately, he passed away a few months later still believing this. Since his passing, his family including Mrs S have realised he was the victim of a scam and have now raised this with Monzo, via a representative.

Monzo responded and explained that as the loss occurred from Mr S's cryptocurrency wallet, his estate should complain to the provider of the wallet and seek a refund from there. They

also did not think Mr S exercised reasonable caution before making the payments.

The complaint was referred to our service and our Investigator looked into it. They felt that Monzo should have intervened prior to the payment of £7,000, as this was a higher value payment going to cryptocurrency. And they felt basic questioning from Monzo would have revealed the scam and prevented further payments. They also felt Mr S should share liability for the loss as the returns promised on the investment were too good to be true. So, they recommended reimbursement from the payment of £7,000 onwards with a reduction of 50%. They also recommended 8% simple interest be added from the date of the transactions to the date of settlement.

The representative responded on behalf of the estate of Mr S and accepted the findings. Monzo did not agree, and they did not provide any additional evidence or comments for us to consider. As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

After reviewing the evidence provided, I'm satisfied that Mr S was the victim of an investment scam and I'm sorry that he had to experience this. What's left to decide is if Monzo should have done more to protect Mr S's account from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr S authorised the payments in question, as he believed they were part of a legitimate investment. So, while I recognise that Mr S didn't intend the money to go to scammers, the starting position in law is that Monzo was obliged to follow his instruction and process the payments. Because of this, his estate is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Monzo did enough to try to keep Mr S's account safe.

Monzo has confirmed that the account was opened for the purpose of 'cryptocurrencies', and I've taken this into consideration when assessing whether Monzo should have intervened prior to processing the payments. This was a new account, so there was no genuine account activity that Monzo could compare the scam payments to. Because of this, I don't think the payments made in March and April 2022 needed further checks carried out on them before they were processed, as I don't think the value of the transactions were significant enough.

However, even considering that the account purpose was related to cryptocurrency, I think the risk associated with the payment of £7,000 on 9 June 2022 was significant enough that Monzo should have manually intervened and asked Mr S some questions before releasing it. It was a high value payment going to cryptocurrency which inherently has a higher risk level associated with it, and while the payments were spaced out, there was a general pattern of increased spending emerging on the account.

I've gone on to consider whether intervention from Monzo would have made a difference and stopped Mr S from making the payments. Due to Mr S's unfortunate passing, I don't have testimony from him to consider in relation to this. So, I've reviewed everything available to me to come to a decision I feel is fair. I think the fact Mr S listed the account opening purpose as 'cryptocurrency' suggests he was not trying to hide the purpose of the payments he would be making on the account. This, along with the communications I've seen between Mr S and the scammer, suggests he had not been given a cover story or encouraged to lie to his bank by the scammers. I therefore think that Mr S would have been honest with Monzo had they questioned him about the payment of £7,000.

There is not a prescribed list of questions that Monzo should ask a consumer when making a fraud check, but I think it would have been reasonable for them to ask how Mr S came across the investment and what he believed he was investing in. As Mr S came across an advert for X online and he believed he was investing in a new crypto currency linked to PayPal, I think this would have prompted more detailed questions from Monzo. This is because a brief look into this would have revealed no such cryptocurrency exists.

I think it also would have been reasonable for Monzo to ask what kind of returns Mr S was expecting. As he had been quoted a minimum of 300% I think Monzo would have had concerns over the legitimacy of the investment. Finally, Mr S was being heavily advised by a broker to move funds from his crypto wallet to the investment he had no control over, which is a known method that scammers use for investment scams. With all of this in mind, I think checks on the £7,000 payment would ultimately have revealed the scam and prevented further payments from being made, so I think reimbursement is due.

I've finally considered whether or not Mr S should reasonably bear some responsibility for the losses as a result of any negligence in his actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Mr S acted as a reasonable person would to protect himself against the loss he suffered. The test is objective but needs to take account of the relevant circumstances.

Again, I am mindful that I do not have testimony from Mr S himself in relation to this aspect of the assessment, so I've carefully considered everything on file. I'm also mindful that the representative of Mr S has accepted the initial findings that liability for the loss should be shared between Mr S and Monzo, so I don't think it's necessary to go into detail about this issue again here.

In summary, I do agree that a reduction in the redress is due to account for Mr S's contribution to his loss. On balance, the returns promised were too good to be true, and I think this should have been a warning to Mr S that something was not right. I therefore think a reduction in the redress of 50% is fair in the circumstances.

### **Putting things right**

Monzo should reimburse the estate of the late Mr S from the payment of £7,000 on 9 June 2022 onwards, and it can deduct the £70 of returns he received after that point. Monzo can reduce this redress by 50%. Monzo should also add 8% simple interest from the date of the transactions to the date of settlement.

**My final decision**

I uphold this complaint. Monzo Bank Ltd should now pay the estate of the late Mr S the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr S to accept or reject my decision before 25 July 2024.

Rebecca Norris  
**Ombudsman**