

## **The complaint**

Mr S complains that Monzo Bank Ltd did not refund a series of payments he lost to a scam.

## **What happened**

Mr S was looking for an investment opportunity and found a company online I'll call 'X'. He was assigned a personal account manager who helped him make trades. As part of this, they asked him to download AnyDesk, so they could help facilitate the trades. Mr S was also told to open a cryptocurrency wallet, in order to make trades. He did so via a third-party bank account over the course of a few months.

Mr S was then told to open a Monzo account, which he did. He used this account to pay taxes and fees which had to be paid before he could receive his returns. He made the following payments from his Monzo account:

- 29/4/23: £3,445.29
- 3/5/23: £2,010.70
- 29/5/23: £1,900

When Mr S did not receive any returns, he realised he had been the victim of a scam and later raised this with Monzo via a representative. When Monzo did not provide a meaningful response, they referred the case to our service.

Our Investigator looked into the complaint; however, they did not receive any evidence or information from Monzo to consider. Based on what they had seen, they initially upheld the case as they felt the initial payment required intervention prior to it being processed, and that if Monzo had asked more questions the scam would most likely have been revealed.

Following this, Monzo responded with some additional evidence and information which showed they did intervene prior to the first payment being made. After considering this information, our Investigator did not uphold the complaint as they did not feel Mr S was honest when Monzo intervened in the first payment, so he removed their ability to meaningfully reveal the scam.

Mr S's representative disagreed with the outcome. In summary, they felt the payments were of a high value, the payee was high-risk and the fact this was a newly opened account meant Monzo should have asked more probing, open-ended questions which would have revealed the scam. 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.

I'm satisfied that Mr S has been the victim of a particularly cruel investment scam, with many fake individuals who interacted with him to make it seem more plausible. I'm sorry he's had

to go through this experience. What's left for me to decide is if Monzo should have done more to protect his 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 opportunity. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Monzo was obliged to follow Mr S's instruction and process the payments. Because of this, he 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.

I've reviewed Mr S's account and the transactions themselves to see if I think Monzo should reasonably have intervened prior to any of the payments being processed. This was a new account, so there wasn't any genuine account activity for Monzo to compare the scam payments to, to see if they appeared unusual. And I can see Mr S listed one of the account opening reasons as 'cryptocurrency', so Monzo would have expected to see some payments related to cryptocurrency as a result. However, this does not mean that no checks are required on any cryptocurrency payments on the account, and there should still be a risk-based fraud check where reasonable.

Given all of the above, I don't think a staff intervention prior to any of the transactions was needed, as the values weren't significant enough to have warranted this, and the payments themselves were relatively spread out. However, it could be argued that Monzo should have provided a tailored warning to Mr S for the first payment only, based on their understanding of the payment.

I can see Monzo did intervene in the first payment to ask some basic questions about it and the investment prior to it being processed, and they provided a general warning about investment scams. I do take on board Mr S's representative's point that the warning was long and included a lot of information, and the questions asked of Mr S were not particularly probing.

However, I think it's unlikely a more effective warning or probing questions would have revealed the scam or changed Mr S's mind about making the payments. I say this because Mr S did not answer one of Monzo's questions truthfully, when he was asked if an individual or investment company was influencing his investment decisions. He said no, however he had been heavily coached and led by his account manager at X.

I also have to consider that in the chat Mr S has provided between himself and X, he tells the scammer that a friend of his who he borrowed money from had looked into the investment.

They found that the crypto exchange would not ask for taxes or fees to release frozen funds, as Mr S had been asked to, and that X had been blacklisted overseas. Despite his friend telling him this and assuring him he had been the victim of a scam, Mr S went on to make a third payment to the scam a few weeks later.

Considering all of this together, I think the level of intervention Monzo applied on the transactions was proportionate in the circumstances, and even if it had asked more probing questions or given a more effective warning, I don't think this would have broken the spell and revealed the scam for Mr S. So, I don't think Monzo needs to reimburse Mr S in the circumstances.

### **My final decision**

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

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

Rebecca Norris  
**Ombudsman**