

The complaint

Mrs K has complained that Monzo Bank Limited (“Monzo”) failed to protect her from falling victim to a cryptocurrency-related investment scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mrs K has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Mrs K, but I’d like to reassure Mrs K and her representative that I’ve considered everything both parties have said.

Mrs K explains that she was approached on a social media platform by an individual (“the scammer”) who claimed to assist with cryptocurrency investments. The scammer’s social media profile appeared legitimate, featuring a significant following, active posts, and stories promoting a company referred to as “O.”

Mrs K says she conducted some initial research and discovered that “O” wasn’t registered with Companies House. The scammer explained this was because the company operated overseas. Mrs K says she was told by the scammer that cryptocurrency platforms worked virtually, and while she was given a location I which the company was based, she couldn’t recall the details. But Mrs K says she thought the opportunity carried minimal risk, so she made an initial investment of £500, which she transferred from another bank account she holds. Mrs K was reassured by the scammer that withdrawals were possible at any time, subject to a 10% fee.

The scammer instructed Mrs K to create accounts with various platforms, where she provided her personal identification and proof of address. Mrs K explains that she felt these steps added legitimacy to the process. She was also asked to open a new account with a Monzo, which the scammer claimed would facilitate payments to the investment platform. Over time, Mrs K made 11 payments to five new payees, observing her balance seemingly grow on the platform. She’s described the scammer throughout the process as helpful and responsive, which further convinced her of the investment’s authenticity.

Date	Type of transaction and merchant	Amount
03 June 2023	Payment – N	£5
09 June 2023	Payment – J	£999
09 June 2023	Returned – J	£999
09 June 2023	Card Payment – Crypto platform	£999
12 June 2023	Payment – own account elsewhere	£7

12 June 2023	Payment – own account elsewhere	£974.07
12 June 2023	Card Payment – Crypto platform	£970
12 June 2023	Payment – own account elsewhere	£2,000
02 July 2023	Card Payment – Crypto platform	£300
03 July 2023	Card Payment – Crypto platform	£330
03 July 2023	Card Payment – Crypto platform	£214
Total		£6,798.07
Total returned		£999
Total outstanding loss		£5,799.07

When Mrs K attempted to withdraw her funds the scammer requested additional payments for fees, including a £4,000 charge for delivering a card that allegedly held her profits. Mrs K refused to pay this and was pressured to take loans or borrow money, which she also declined. Mrs K says it was at this point that she realised she'd been scammed, so she Mrs K ceased all payments. The scammer then blocked communication from Mrs K.

Mrs K says the scam has caused severe mental health challenges, including depression, as well as needing hospital care. She says that she felt ashamed and embarrassed, which prevented her from seeking support from family and friends.

Mrs K made a complaint to Monzo, in which she said it failed in its duty to protect her from fraudulent activity. She explained that despite the high-value transactions to new payees from a newly opened account, Monzo didn't contact her or flag the activity as suspicious. She recalls that her online banking access was briefly restricted during one transaction, but no explanation or warning was provided. Mrs K feels that adequate fraud warnings or inquiries from Monzo could've prevented her financial loss.

Monzo didn't respond to Mrs K's complaint, so she referred it to this service. In her complaint she set out that she was seeking a full refund of her losses, along with £250 in compensation for emotional distress, 8% interest on the lost amount, and indemnification for any legal costs incurred.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think the payments Mrs K made ought to have appeared suspicious to Monzo, as some were made to her own account elsewhere, and all of the payments were generally for fairly modest amounts and spaced out over around one month.

As Mrs K didn't accept the investigator's opinion, the case has been passed to me to make a decision.

At the time of writing Monzo hasn't provided a business file. But as the complaint was raised with it over a year ago, and as it has been asked for its file several times throughout that time, I've decided to make a decision based on Mrs K's side of the story alone.

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 Mrs K but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mrs K authorised these payments from leaving her account. It's accepted by all parties that Mrs K gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mrs K's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I'd firstly like to thank Mrs K for sharing such personal information about her health with me. I can certainly understand that's not an easy thing to do, and I appreciate how making a complaint must've been particularly difficult, especially on top of the other difficulties she's faced.

But having carefully considered the information provided by Mrs K and Monzo, I'm not holding Monzo responsible for reimbursing Mrs K's losses. Whilst I fully understand this'll be disappointing for Mrs K, I can't reasonably find that Monzo failed in its duties or that it should've prevented this from happening.

It appears Mrs K's account was opened just before the scam took place. So there was no prior activity on the account before the scam-related payments. The first payment Mrs K made from her Monzo account was for a very low value, directly to the scammer. Since there was no prior account activity for Monzo to compare with this payment, I don't think it would've appeared unusual or suspicious. Subsequent payments similarly did not stand out as they were consistent with normal account behavior and payment patterns.

Some payments were sent to an account in Mrs K's own name held with another organisation. Payments to an account bearing the same name as the account holder are generally seen as lower risk, making it less likely for Monzo to identify these transactions as suspicious. Although Mrs K made three payments to the same payee (her own account) on the same day, the individual values of the payments, as well as their combined total value, wasn't so significant that Monzo ought to have been on alert that Mrs K might've been falling victim to a scam.

Although cryptocurrency has been linked to various scams and is generally considered to be a high-risk investment, the cryptocurrency platforms Mrs K made payments to are legitimate. And transactions linked to cryptocurrency platforms like these don't inherently warrant intervention unless other clear warning signs are present.

In this case, the values of the payments fluctuated, and they were made over an extended period. Both factors would've made it more difficult for Monzo to identify a pattern of fraudulent or unusual activity, and so I don't think it missed an opportunity to intervene before they were made.

In this case, the payments Mrs K made did not trigger any warnings or appear unusual enough to require intervention from Monzo. Mrs K has also confirmed that she didn't communicate with Monzo at the time, which means Monzo didn't have additional information

that might've prompted them to take further action. So I don't believe Monzo missed an opportunity to intervene or prevent this scam.

Recovery of the funds

Although I haven't received Monzo's file, so I don't know whether it attempted to recover the funds Mrs K lost, I'm not persuaded this changes things in this case.

Even if Monzo had contacted the receiving bank as soon as it became aware of the scam, it's unlikely this would have made a difference. The payments were made in June 2023, but the complaint was only brought to Monzo's attention in November 2023. Funds obtained fraudulently are often withdrawn within hours of receipt, if not sooner, so it's unlikely that any funds would still have been available in the receiving account five months later. In relation to the payments Mrs K made to her own account at the other provider, Mrs K had already transferred the funds out of that account before Monzo was notified.

Regarding the card payments made to the cryptocurrency platforms, I've considered whether Monzo fulfilled its responsibilities in attempting to recover the funds. These payments were made using a debit card, which means the chargeback process is relevant. The chargeback scheme is a voluntary agreement between card providers and merchants, governed by specific scheme rules, and it is not legally enforced.

Chargebacks aren't guaranteed to succeed. For a chargeback to be valid, there must be a clear right under the scheme rules, and merchants can dispute claims if they believe the chargeback is unwarranted. Unfortunately, chargeback rules don't cover scams like this. Monzo would only be expected to raise a chargeback if there were a reasonable chance of success, but in this case, the evidence suggests that a claim wouldn't have succeeded.

The payments Mrs K made went to a legitimate cryptocurrency exchange, where she received a service – her funds were converted into cryptocurrency and sent to the wallet address provided. Whilst Mrs K has a dispute with the scammer who gave her the wallet address, this is separate from the cryptocurrency exchange itself. And Monzo wouldn't have been able to process a chargeback against the scammer, as the scammer wasn't the direct recipient of the payments.

Monzo could only have raised chargeback claims against the cryptocurrency exchanges. But given that Mrs K authorised these transactions and received the expected services, I don't believe there was a reasonable prospect of success for any chargeback, so I don't think Mrs K has lost out by Monzo not raising them – which in the absence of any other information I've assume it didn't.

I recognise that Mrs K made these payments as a result of fraud, and I'm very sorry that Mrs K had to go through that. I understand that my decision will be disappointing, but for the reasons I've set out above, I don't hold Monzo responsible for that.

My final decision

I don't uphold Mrs K's complaint against Monzo Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 31 January 2025.

Sam Wade
Ombudsman

