

## **The complaint**

Mr J complains that Monzo Bank Ltd (“Monzo”) won’t refund money he lost when he fell victim to a scam.

Mr J is being represented by solicitors in this complaint.

## **What happened**

The background to this complaint is well known to both parties and has been previously set out by the investigator. So, I won’t repeat all the details again here. Instead, I’ll provide an overview and focus on giving my reasons for my decision.

In October 2023, Mr J made payments totalling £32,760 from his Monzo account. These were made in connection with a cryptocurrency trading opportunity he was introduced to by someone he met on a dating site a few months prior and had become romantically involved with. Unfortunately, it turned out to be a scam.

Mr J initially made scam-related payments from his account with a different bank. When he experienced issues with that bank, he was encouraged to send money through an e-money account with an electronic money institution. Transactions were declined by that firm too and Mr J then opened an account with Monzo.

To make deposits into his trading account, Mr J transferred money from his bank account with another firm into Monzo, before purchasing cryptocurrency from a cryptocurrency platform. The cryptocurrency was then transferred into cryptocurrency wallets. At the time, Mr J believed he was depositing it into his own trading account. But unfortunately, this wasn’t the case.

When he experienced issues with Monzo, who also blocked a payment and later restricted the account before ultimately closing it, Mr J opened an e-money account with a different electronic money institution. When the cryptocurrency provider subsequently placed some restrictions on his account with them and he looked into things further, Mr J realised he was likely being scammed and confronted the individual that he was romantically involved with about being that.

Our investigator didn’t uphold Mr J’s complaint. They thought Monzo should have intervened and made enquiries with him a day earlier than it did, but it’s unlikely that this would have prevented him from continuing with the payments. The investigator noted that the chat correspondence between Mr J and the scammer showed that he was being guided on how to answer any questions he got from the firms he was making payments from. When Monzo intervened the day after the suggested intervention point, Mr J wasn’t honest about the true purpose of his payments. Through external enquiries, the investigator also found that Mr J misled the firms he attempted to send payments from prior to using Monzo.

Mr J’s representative didn’t agree with the investigator’s findings and asked for the matter to be decided by an ombudsman.

## 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 for these reasons:

- The starting position is that Monzo is expected to process payments that Mr J authorises it to make, in accordance with the Payment Services Regulations 2017. There's no dispute here that Mr J authorised the payments in dispute. It follows that Mr J is presumed liable for the losses from these payments in the first instance.
- There are circumstances when it might be appropriate for Monzo to take additional steps before processing a payment. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it *might* be liable for losses incurred by its customer as a result. I say might because causation is a critical determinative factor in scam complaints. Making a finding that a firm didn't intervene at an appropriate point, or didn't sufficiently intervene, isn't enough to hold it liable. I would also need to be satisfied that an appropriate intervention would have positively impacted the customer's decision-making.
- Like the investigator, I don't consider the first three disputed payments to be that unusual such that I think Monzo should have taken additional steps and questioned Mr J. But by the time he attempted payment four, an unusual pattern of increased cryptocurrency-related spending was beginning to emerge. So, Monzo ought to have identified that Mr J was at a heightened risk of fraud. We know it didn't intervene at the time. So, an opportunity was missed.
- But had it taken any additional steps at the suggested trigger point, based on the available information, I'm not persuaded that it would have unravelled the scam in Mr J's eyes and caused him to stop from going ahead. As I've mentioned above, the firms Mr J sent or attempted to send scam payments from prior to using Monzo declined some of the payments. I've listened to recordings of several calls between Mr J and one of the firms he used prior to switching to Monzo, and although he told the agents he was buying cryptocurrency he wasn't forthcoming with all the facts. In fact, his answers were misleading. For instance, Mr J told the firm concerned that he was buying cryptocurrency and only storing it in his wallet for the time being. He said he wanted to be ready as and when he needed to trade. We know that this isn't true because the purchased cryptocurrency was being deposited into the trading platform Mr J had been introduced to.
- Although Monzo didn't intervene at the suggested trigger point, it did stop the subsequent payment Mr J attempted the following day and discussed it with him. I've listened to a recording of the relevant call and again, while he said he had been attempting to purchase cryptocurrency, Mr J told Monzo that he was just purchasing cryptocurrency at that point and keeping it in his wallet, so it was ready to use when required. He also reassured the agent that no one else was involved and he wasn't following advice or instructions from someone else. But looking at the written correspondence between him and the scammer, what Mr J told Monzo wasn't true. He was being advised on what to do and what to say if questioned.
- I can see that Monzo (and for that matter the other firm too) discussed the prevalence of cryptocurrency scams with Mr J. But as he continued providing reassurances that the cryptocurrency wasn't going to be spent on trading just yet and

was simply being stored and that no one else was involved, Monzo couldn't reasonably have known that Mr J was falling victim to a scam. It seems that Mr J was under the scammer's spell. His actions are indicative of someone who recognised that his bank might stop him from making the payment and he needed to provide a cover story so that he could continue with it. Even after Monzo restricted his account, Mr J followed the scammer's instructions and set up an e-money account with a different firm with the aim of continuing to purchase cryptocurrency for trading.

- Given my observations, I'm not persuaded that any intervention by Monzo at the suggested trigger point would have led to the scam being unravelled as Mr J's representative has suggested. On balance, I think it's more likely that he would have responded to its enquiries in the same reassuring way.

In summary, I recognise that this will come as a considerable disappointment to Mr J and I'm sorry that he's lost a large sum of money to a cruel scam. But in the circumstances, I'm not persuaded that Monzo can fairly or reasonably be held liable.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 12 February 2025.

Gagandeep Singh  
**Ombudsman**