

The complaint and background

Mr S complains Monzo Bank Ltd won't reimburse the money he lost when he fell victim to a scam.

Mr S met an individual online and struck up a friendship with her. He spoke to the individual for a few weeks before she began helping him to invest in cryptocurrency trades. He initially used funds he already had in his cryptocurrency wallet and appears to have been able to make withdrawals. After around two months of trading, he used his Monzo account to pay over £10,000 between 27 July and 2 August 2023 for peer-to-peer cryptocurrency purchases which he added to his wallet to trade. He tried to make a large withdrawal at the end of August, and was told he had to pay taxes. It was at that point he realised he had been the victim of a scam.

Our investigator didn't uphold the complaint. Firstly, they noted a number of inconsistencies between the initial complaint brought by Mr S's representative and the facts of the scam. They felt that although a warning should have been provided for the £4,000 payment, they were not persuaded it would have prevented Mr S's loss. This was because Mr S had built a relationship with the scammer and appeared to be confident in the returns he had gained and the withdrawals he had been able to make.

Mr S's representative asked for the matter to be referred to a decision. It said Monzo should have intervened in the payment of £4,000 with a chat and they felt this would have been enough to uncover 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.

Having done so, I agree with the investigator's conclusions for the following reasons:

- It isn't in dispute that Mr S authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, Monzo is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- I agree that there were a number of concerning inconsistencies between the submission made by Mr S's representative and the facts of the case. For example, the submission said Mr S found the advert online for the trading company and left his details to be contacted, but it appears he met the individual and spoke with her for a few weeks before trading was brought up. And the representatives said the trading began on 27 July, but Mr S had begun trading in May 2023, around two months before. It is therefore difficult for me to place much weight on Mr S's testimony.

- The first two payments were for a relatively low value of £500, so I don't think these should reasonably have flagged as unusual. The final two payments were for £4,000 and £5,000 and were to the same business. The chat suggests these were for peer-to-peer cryptocurrency purchases and looking at the payee, they provided a number of services including cryptocurrency.
- The Investigator has said a tailored cryptocurrency warning should have been given on the £4,000 payment, but as the payee provided other services aside from cryptocurrency, I think it could be argued that the payment was not identifiably going to cryptocurrency, so a tailored cryptocurrency scam warning was not needed.
- In any event, I agree that had a tailored cryptocurrency investment been provided I do not think it would have revealed the scam or dissuaded Mr S from continuing with the payments. I say this because by the time Mr S made these payments, he had been speaking with the individual for three months and trading for two, seemingly successfully. He had built a friendship with the individual and the majority of their messaging was not about trading but about their daily lives. In addition, Mr S said in the chats he had previously tried trading in cryptocurrency, albeit not very successfully, he was aware of crypto mining and how it worked and there was evidence of previous payments to cryptocurrency on his Monzo account. He also funded the first two months of trading as part of the scam with funds he already had in his crypto wallet.
- With all this in mind, I think Mr S felt experienced enough and had built enough of a relationship with the scammer that I don't think an intervention from Monzo, whether a written warning or a human intervention, would reasonably have broken the spell at that time.
- I can only ask Monzo to reimburse Mr S if I find that any wrongdoing on its part caused his loss. Having reviewed the evidence carefully, I am not persuaded Monzo needed to do more in the circumstances, and in any event, I do not think any possible intervention could reasonably have uncovered the scam. So, I don't think Monzo needs to reimburse Mr S in the circumstances.
- I'm not persuaded there were any prospects of Monzo successfully recovering the funds, given the money was used to purchase crypto currency from legitimate providers.

My final decision

For the reasons given above, 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 S to accept or reject my decision before 12 March 2025.

Rebecca Norris

Ombudsman