

The complaint

Mr B complains that Monzo Bank Ltd didn't intervene when he sent payments to a cryptocurrency wallet to then send onto an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here in detail. The facts are not in dispute so I will focus on giving the reasons for my decision.

Mr B's family member told him about an investment opportunity she'd heard about through a friend and he decided to invest. He initially sent funds through another bank and then started sending money from his Monzo account in May 2021. He invested on this account until October 2021.

Mr B discovered he'd been the victim of a scam in 2022, when he became suspicious of the opportunity; and he wasn't then able to withdraw his funds. He complained to Monzo that it should've done more to protect him and his money, but it didn't agree.

Mr B came to our service via a representative. Our investigator partially upheld his case.

I issued a provisional decision on this complaint in May 2024. My findings were as follows:

I'm in agreement with our investigator that Monzo ought to have intervened on the first payment Mr B sent. This payment was very high in comparison to the other spending on Mr B's account. He'd used the account for low value, everyday spending for over 12 months and then sent £7,500 to a new payee, which was a cryptocurrency platform.

While the payment was going to a cryptocurrency account in Mr B's own name, he hadn't sent a payment of this nature and value before. So I consider it should've been seen as unusual and suspicious to Monzo. It wasn't required to look into the opportunity for Mr B, but needed to satisfy itself around the risks in proceeding with processing this payment. So I consider it needed to intervene and ask Mr B appropriate questions to do this.

I have to determine how I think Mr B would've responded to an intervention by Monzo on the basis of what's most likely to have happened – as it didn't intervene and so we can't know what would have happened. Our investigator determined it was most likely that an intervention would've led to Mr B doing further research and determining this was a scam venture. However I can't agree with this.

Our service has to take into account all the available evidence. First, I've considered his confidence in the opportunity. Mr B was referred to this opportunity via a trusted family member. So I consider he'd have had some confidence in it, as he understood a friend of family was having success with this investment and he'd have shared this with Monzo. He'd also been investing with this firm for some time before making the

payment on his Monzo account.

Second – and maybe more importantly – I have seen that since this case has been with our service, Mr B has fallen victim to another cryptocurrency scam, as recently as February 2024. I have looked up the name of the scam firm he invested with this year and not only is there a warning published by the FCA about this firm from June 2023, but there are also numerous articles explaining the particular scam orchestrated by the firm Mr B engaged with.

I do accept that due to the value of the payment made, Monzo ought to have enquired with Mr B about what he was doing and advised him to do further research into the investment opportunity. But based on his new case with our service, I now can't safely say he'd have done this. Even after having this ongoing case with our service and losing over £40,000 to a similar scam, Mr B seemingly hasn't then taken steps to research the new company he's chosen to invest cryptocurrency with. So I can't safely say that back in 2021, when he had confidence from a family friend, been investing a while and far less appreciation of the risks, he'd have done the necessary research and prevented his losses.

This means that I don't consider an intervention by Monzo would've prevented Mr B making this payments and so prevented the losses he is now claiming for. I also don't consider there are any other recovery options for Mr B in this case, as we can see he did receive the cryptocurrency he purchased.

While I therefore don't intend to uphold this complaint, I do consider it is worth noting that we also don't hold the necessary documentation to evidence an accurate loss in this case in any event.

The screenshots from the scam platform appear to show Mr B having purchased investment products for more than he's told us he spent. But we can't see on these the funds entering the platform. And Mr B has only been able to show us details of his genuine cryptocurrency account in the form of undated screenshots. These don't have payment dates or destinations to show these funds moved to this scam. And the amounts shown don't match exactly what is shown on his Monzo account. While Mr B has reported a single return payment on the investment, we can see Mr B receives cryptocurrency into this account on several occasions. It's not clear then what happened to these funds, as the screenshots show only one withdrawal and for less than the amount of cryptocurrency received. So based on what we currently hold, it's not possible to determine what his actual loss to this scam is.

Monzo didn't respond to the provisional decision. Mr B didn't accept and provided some additional commentary.

Mr B's representatives explained that the two scams were very different in nature. They explained that the second scam was a recovery scam and related to a bank impersonation, so wasn't related to cryptocurrency investing. They said the fact Mr B didn't identify he was falling victim to a recovery scam was irrelevant to how an intervention would've worked on the original scam.

The representative also explained Mr B's vulnerability during both scams. And said that Monzo's questioning should've broken Mr B's confidence in the first opportunity and that it would've known to check the FCA warning list and then on checking this it would've been able to tell Mr B this opportunity was a scam.

Our service waited for the other case to be assessed before this complaint was passed back

to me to issue this decision. As the deadline for Mr B's other complaint has now passed and it's closed, I have revisited the file and my provisional 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.

As Mr B's representative is aware, when a business intervenes on a payment there isn't a set list of questions it needs to ask a consumer. And it isn't required to check the FCA warning lists *for* the consumer, even if they do share the name of the firm they are investing with. So I don't agree that it was Monzo's responsibility to research the firm for Mr B.

I don't agree Monzo's questioning alone would've broken his confidence, as Mr B found this opportunity through a trusted relationship and Monzo wouldn't have *known* this was a scam. And so Mr B finding concerning information online suggesting this was scam is likely the main/only thing that could've stopped him at the point Monzo should've intervened.

I accept that there are differences between the two scams Mr B fell victim to. However, with full oversight of both cases, I am satisfied there are enough similarities between the cases for comparison to be made. On both cases the signed testimony Mr B has provided says that's he's investing in cryptocurrency. I accept the second case involves a recovery scam, but I have to take into account what Mr B has told us he was doing. And, more importantly, on both cases we can see he's made payments from his account to genuine cryptocurrency providers for the benefit of a third party.

Mr B's representative has explained that as the second situation was a bank impersonation recovery scam, researching the firm involved wouldn't have brought up anything concerning, as he'd have just researched the name of the genuine bank. But, as I have already explained to it, Mr B's own testimony and paperwork shows there were more parties involved than just the impersonated bank.

The main named party on Mr B's paperwork had detailed information about it online saying it was a scam. And I understand this is the party Mr B spoke with. There is also a consumer warning by the FCA explaining that this firm is fraudulent. So simply looking up the name of the firm on a search engine would've brought up information that Mr B was about to be scammed again. And I can see Mr B held this paperwork before he made payments, but despite this he didn't find the concerning information about the named third party.

Considering Mr B didn't do a reasonable level of research the second time, when he knew the pattern scammers follow and it was being repeated; knew about the FCA's role with genuine firms; and he'd previously lost so much money and also been cold called, my opinion from my provisional decision has not changed. I can't safely say he'd have followed Monzo's suggestion and done additional research the first time, when he had confidence in the opportunity, and far less knowledge and appreciation of the risks. So I think he would've gone ahead with the payments, despite an intervention. And as there wasn't a clear reason for Monzo to block the payments altogether, Monzo isn't now required to refund his losses.

I have considered the desperation he would've felt the second time, but I don't consider this could or should have overridden his knowledge of the importance of verifying the opportunity. So this doesn't persuade me that he'd have acted differently the first time.

I understand Mr B was vulnerable at the time of both scams. But considering his ability to engage with the firms both times and purchase the cryptocurrency online, I don't think his vulnerability prevented him from doing the necessary online checks. So this doesn't change my outcome on the first scam case.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 July 2024.

Amy Osborne
Ombudsman