

The complaint

Mr E has complained that Monzo Bank Ltd won't refund the money he lost after falling victim to a scam.

What happened

In 2021, Mr E saw an advert for an investment firm on social media. He said they had a professional-looking website and good reviews, and he spoke at length to an advisor who appeared experienced. They persuaded Mr E to invest with them via cryptocurrency over the next couple of years. However, the firm turned out to be scammers.

In 2023, Mr E opened a Monzo account, telling Monzo he intended to use it for transfers between his own accounts and crypto. He sent around £4,000 across three payments, to a crypto account in his name, then on to the scammers' wallet.

Mr E later realised he'd been scammed when the scammers demanded unaffordable fees for withdrawals, became insulting, and stopped answering his calls. He reported the scam to Monzo, who contacted the crypto platform, but the platform said no funds remained. Monzo didn't think they were liable for Mr E's loss.

Our investigator looked into things independently and partially upheld the complaint. Monzo didn't agree, so the complaint's been passed to me to decide.

I sent Mr E and Monzo a provisional decision on 7 May 2024, to explain why I didn't think the complaint should be upheld. In that decision, I said:

I understand that Mr E fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammers who are primarily responsible for what happened, and who really owe Mr E his money back. But I can only look at what Monzo are responsible for. Having carefully considered everything that both sides have said and provided, I currently think I can't fairly hold Monzo liable for Mr E's loss. I'll explain why.

It's not in dispute that Mr E authorised the payments involved. So although he didn't intend for the money to go to scammers, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Monzo had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Monzo should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Monzo should have done more in Mr E's case. I do understand why our investigator thought they should have, and I accept that this is a finely balanced matter.

However, I don't think the payments involved were so unusual or out of character that Monzo needed to intervene. For example, while the payments went to a cryptocurrency platform, it was a large and well-established platform, with a UK-based account in Mr E's own name, and more importantly Mr E had told Monzo when opening the account that he intended to use it for transfers between his own accounts and for cryptocurrency. So the subsequent spending was not unusual or out of character with the stated purpose of the account. While one of the payments was large, the spending was not so large that I'd have expected its size alone to have prompted Monzo to intervene. Monzo's fraud systems did not find the payments to be particularly suspicious, and they did not need to flag every payment from a new account. As the account was new, there was no payment history for Monzo to compare the activity to. The only information they had was that which Mr E provided at opening, where he told Monzo he had a substantial salary, low housing costs, and that he was intending to make these exact kinds of payments. So considering what Monzo knew at the time, I don't think these payments stood out as being unusual, I don't think they would reasonably foresee that the transactions would cause Mr E harm, and so I don't think the activity quite met the threshold for Monzo to be expected to intervene here.

Next, I've considered what Monzo did to try to recover Mr E's money after he told Monzo about the scam. Monzo contacted the receiving platform sufficiently quickly, but unfortunately no funds remained, as the receiving platform was Mr E's own account and he'd already sent the money on. And as the payments went to Mr E's own cryptocurrency account, they weren't covered by the CRM code. So I'm afraid there was nothing more that I'd have expected Monzo to do here.

So while I'm very sorry to hear about what happened to Mr E, I don't currently think that Monzo should be held responsible for his loss. And so I can't fairly tell Monzo to refund Mr E's money in this case.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 4 June 2024. Mr E accepted the provisional decision, and Monzo didn't respond.

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.

Neither side have sent me any new evidence or arguments. So while I sympathise with Mr E, having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or

reject my decision before 3 July 2024.

Adam Charles
Ombudsman