

The complaint

Mr O complains that Monzo Bank Ltd has unfairly refused to refund his losses after he fell victim to a scam.

Mr O is represented in his complaint by a professional third party but for ease I will refer to Mr O throughout.

What happened

Mr O met an individual through a dating website. She in turn introduced Mr O to a trading site. Mr O sent money from his Monzo account to a cryptocurrency merchant, M, and from there it was forwarded on as part of the investment. Mr O says he realised he had been scammed when he tried to withdraw funds and was asked to pay a withdrawal fee. For ease, I will refer to the individual Mr O thought he was dating as 'the scammer'.

Mr O is unhappy that Monzo didn't contact him at any point about the payments he was making to M. Mr O says he didn't see any online warnings before making the payments.

Mr O made six disputed payments as follows:

No.	Date	Type of transaction and merchant	Amount
1	28 September 2023	Card payment – M	£150
2	3 October 2023	Card payment – M	£820
3	10 October 2023	Card payment – M	£900
4	28 October 2023	Card payment – M	£300
5	28 October 2023	Card payment – M	£490
6	29 October 2023	Card payment – M	£150
Total			£2,810

Our investigation so far

Our investigator didn't uphold Mr O's complaint. She didn't think the payments were particularly unusual or suspicious when compared to Mr O's usual account activity. Our investigator didn't think any of the transactions were high enough in value to have raised any flags on Monzo's system. Particularly as the payments were spread out over the course of a month. As Mr O didn't speak to Monzo before making the payments, our investigator didn't think it missed an opportunity to intervene in the transactions.

Our investigator went on to say that even if Monzo had shown Mr O a cryptocurrency scam warning, she didn't think it would have stopped the scam. This is because Mr O trusted the scammer who he had met on a dating website and made the investment because she told him that she had been using the same trading site.

Our investigator didn't think that a chargeback would have been successful.

Mr O disagreed with the investigation outcome. He said a warning concerning the risk of investing in cryptocurrency before payments two or three could have made a difference to his decision to continue to invest. Mr O said that according to the Payment Services Regulations 2017 and the FCA's Principles for Businesses, banks have a duty to educate their customers about potential scams, which didn't happen in his case. Mr O said that while the payments he made to M weren't large compared to other customers, they were significant for him and outside his usual account activity.

Our investigator didn't change her view. She didn't think payments two and three should have prompted Monzo to provide a cryptocurrency warning simply because Mr O was making them to a cryptocurrency merchant. She didn't think Monzo can be expected to stop every payment just because it's going to cryptocurrency. Our investigator pointed out that there were no warnings about M and that it is a legitimate merchant.

Our investigator didn't agree that a cryptocurrency scam warning would have prevented Mr O from making the payments. She thought it likely that Mr O would have discussed the warning with the scammer and that she would have talked him into going ahead with the payments.

Finally, our investigator didn't think a cryptocurrency warning would have resonated with Mr O as none of the key features referred to as part of the warning were present in his case.

As Mr O doesn't agree with the investigation outcome, his complaint has come to me to make 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.

I agree with our investigator that the type of payments Mr O made weren't covered by the CRM Code. He doesn't dispute that he authorised the payments from his Monzo account. So, the starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) together with the terms of Mr O's account, is that he is responsible for payments he's authorised himself.

Taking into account longstanding regulatory expectations and requirements and what I consider to have been good practice at the time, Monzo should fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in certain circumstances – as in practice all banks, including Monzo, do.

Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;

- have had systems in place to look out for unusual transactions or other signs that might indicate that its' customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment; and
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

Should Monzo have recognised that Mr O was at risk of financial harm from fraud?

It isn't in dispute that Mr O fell victim to a cruel scam, nor that he authorised the payments he made to his account with M. I'm sorry to hear of the impact the scam has had on Mr O.

While there are known fraud risks associated with cryptocurrency, this does not mean that all transactions involving cryptocurrency are related to scams. And Monzo has to strike a balance between allowing customers to use their account and stopping and questioning transactions.

In the context of Mr O's account and Monzo's responsibilities, I don't consider it needed to stop any of the payments as they weren't suspicious. Four of the transactions were for under £500 each and even the highest value transaction was for less than £1,000. Mr O's Monzo statements show that he had a history of making faster payments. These could vary from £190 to almost £550 in late July 2023. So, the payments Mr O made to M don't seem sufficiently out of the ordinary for his usual spending to have prompted Monzo to intervene.

Unlike with a typical cryptocurrency investment scam, the transactions were spread out over the course of a month. Although Mr O made two payments to M on the same day at the end of October 2023, the combined total was under £800, and more than two weeks had passed since the most recent transaction. Given the relatively low value and break in activity, I don't think that Monzo missed any obvious signs that Mr O might be falling victim to a scam.

Even if I thought Monzo should have presented Mr O with a cryptocurrency warning – which I don't – I am not persuaded that this would have prevented his loss for two reasons. Firstly, because Mr O's online conversations with the scammer show that he trusted her implicitly. He didn't carry out his own research; instead Mr O relied on the word of the scammer who said she had been trading with the investment business for over a year. The evidence shows that Mr O ran through things with the scammer when he was unsure. So, it seems likely that if Monzo had shown him a warning, he would have discussed it with the scammer. Had this happened, I think that the scammer would have been able to overcome any reservations which Mr O might have had. So, I don't think a scam warning would have made a difference.

Secondly, a tailored warning would have highlighted the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value. Apart from the fact that Mr O's second payment of £900 was an increase on the initial £150 payment, the amounts didn't then continue to increase in value. And none of the other key features were present in Mr O's case. So, I can't say that even if a

tailored warning should have been provided it would have resonated with Mr O and his specific circumstances.

Recovery

I can't see that Monzo could have successfully raised a chargeback on Mr O's behalf as while I accept he was deceived by the scammer, his transactions with M were separate to this. Mr O instructed M to use his funds to buy, and then send on cryptocurrency. It fulfilled this request, so Mr O received the services he paid for.

I am sorry to disappoint Mr O but for the reasons outlined above, I don't find that Monzo needs to take any action in response to his complaint.

My final decision

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 O to accept or reject my decision before 23 April 2025.

Gemma Bowen
Ombudsman