

The complaint

Miss C complains that Monzo Bank Ltd failed to protect her from becoming the victim of a scam and did not appropriately warn her about several payments she made from her account. To make things right Miss C would like to be compensated for her financial loss.

What happened

Miss C's complaint has been brought by a professional representative. As the account is in Miss C's name, I'll refer to her throughout the decision. In March 2023 Miss C saw an online advert for an investment opportunity, that appeared to be a newspaper report and included what appeared to be an endorsement from a celebrity. Miss C registered her interest and received a phone call back from an individual apparently representing an investment firm. Unfortunately this was not a genuine investment opportunity but a scam.

The scammer encouraged Miss C to review their legitimate looking website, and then to download a remote access app to her computer. Miss C initially made a card payment of £200 from her Monzo account on instructions of the scammer on 10 March. This payment seemed to appear in Miss A's online account with the scammer. After seeing what looked like positive returns for a few weeks Miss C decided to invest more. On 9 May Miss C borrowed £5000 from a friend, and transferred it from her Monzo account into an account in her name at a legitimate cryptocurrency platform I will call A, then onto another account which Miss C believed was her investment account but was actually an account controlled by the scammers. Miss C tried to withdraw the money and was told she needed to pay a withdrawal fee of £1040. She paid this fee from her savings on 31 May but then did not receive any money. At this point Miss C realised she had been the victim of a scam. Miss C informed Monzo in early June she believed she had been the victim of a scam and requested a refund. Monzo responded that they would not be refunding Miss C.

Miss C complained to Monzo in August 2023. She noted that Monzo should have warned her that the payments were likely to be a scam. She noted that the payments were out of character and to a cryptocurrency platform, which should have indicated a high scam risk. Miss C noted that had Monzo made an appropriate intervention, the fraud would have been prevented, so wanted Monzo to reimburse her for the full amount lost, plus interest.

Monzo did not respond to Miss C's complaint, so in October Miss C brought her complaint to the Financial Ombudsman Service. Initially Monzo did not respond to our Investigators information request, so our Investigator issued a view based on the information provided by Miss C. Monzo then responded with some more information and asked our Investigator to consider their outcome in light of this.

Our Investigator considered the information from Monzo but it did not change their outcome. Our Investigators view, in summary, was that the second payment of £5,000 should have raised concerns for Monzo, because it was a large payment linked to cryptocurrency and a large payment was made into Miss C's account on the same day. Monzo did provide a low friction scam warning, but our Investigator thought Monzo should have provided a tailored written warning relevant to cryptocurrency investment scams. Our Investigator noted that if Monzo had intervened they believed the scam would have been uncovered and Miss C

would not have lost her money. They also noted that they thought that Miss C acted reasonably in taking this to be a real investment, and so should not need to share liability for the loss. As such our Investigator upheld the complaint. They found that Monzo should be responsible for the payments of £5,000 on 9 May 2023 and £1,040 on 31 May 2023 and Monzo should therefore pay £6,040 plus 8% simple interest from 9 May 2023 to the date the settlement is paid.

Monzo did not accept our Investigators view. They argued that they did provide an automated warning and that Miss C had not done enough to protect herself. They also noted that the payments sent from Miss C's Monzo account to her cryptocurrency account with A were legitimate. It was the payments from Miss C's A account to the scammer that were part of the scam and as such A should be responsible for Miss C's loss. As Monzo did not agree it has been passed to me to decide.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time. Having considered everything I am upholding Miss C's complaint, broadly for the same reasons as our Investigator, which I've set out below.

In broad terms, the starting legal position is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (2017) and the terms and conditions of the customer's account. They also set out that Miss C will be responsible for any properly authorised transactions made from her account. In this case it's not in question whether Miss C authorised the payment. It's accepted by all parties that Miss C gave the instruction to Monzo and Monzo made the payment in line with those instructions.

Monzo are not officially signed up to the voluntary Contingent Reimbursement Model (CRM) code, but do assess customer claims against its criteria. The starting principle of the CRM code is that a firm should reimburse a customer who is the victim of this sort of scam, except in limited circumstances. However, for the CRM code to apply the payment has to be made to an account held by another person (i.e. not between two accounts held by the same person). As Miss C initially moved her funds to an account with A in her own name the CRM code does not apply here.

However, irrespective of the CRM code, firms should fairly and reasonably have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers are at risk of fraud. I've carefully reviewed the information from both Miss C and Monzo. The initial £200 card payment was not a particularly large amount, so I would not expect Monzo to intervene with a warning in this instance. However, the second payment of £5,000 was much larger, on the same day of another large payment entering Miss C's account and identifiably going to a cryptocurrency platform. These are common hallmarks of potential cryptocurrency investment scams. Monzo argues that it did provide a pop-up warning, but for this level of payment I would expect Monzo to provide a more tailored warning, specifically highlighting the risks of crypto investment scams. The scam Miss C fell victim to had many of the common characteristics of investment scams (e.g. a celebrity endorsement, use of remote access app) and I can't see any evidence that Miss C had been coached to lie to avoid detection. If Monzo had provided a tailored warning or appropriately questioned Miss C I think Miss C would have likely answered questions

truthfully, recognised these scam characteristics in her own situation and the scam would have been uncovered. Miss C would then not have lost the £5,000 or the following £1,040.

Monzo does not believe it is liable for Miss C's loss, as it said it occurred from her cryptocurrency account rather than her Monzo account. However, just because a payment is to an account in the customer's own name that does not mean it bears no risk, and I would still expect Monzo to keep an eye out for payments that bore hallmarks of potential fraud, even if those payments were made to another account belonging to their customer. I say this because this kind of payment journey – where payments are made from a customer's account then on to their account at a cryptocurrency provider then on to the scammers account – is increasingly a feature of several types of scams. I would expect Monzo to be aware of how these scams operate and be looking out for them, to help protect its customers. So I do think it is reasonable that Monzo bear responsibility for what has happened here, even though they weren't the last firm in the chain.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Miss C should bear some responsibility for her loss. Monzo argue that Miss C should take some responsibility for the loss as when they asked her about whether she had made any checks on the scammer she replied she hadn't because it appeared to be very official and legitimate. They also note that the "confirmation of payee" check failed, and they provided a pop-up warning that Miss C should double check if she was comfortable. The return on investment promised was very high (60-140% within three months) and Miss C paid the "withdrawal fee", despite the fact that she had initially been told one withdrawal a month would be free. On the other hand, the scam had several convincing aspects: the advert gave the impression that the investment had been reported in a national newspaper and endorsed by a prominent person; the website and app seemed sophisticated and the "account manager" persuasive; the scammer requested ID verification which would have given Miss C confidence she was dealing with a legitimate financial firm; and Miss C was able to invest a small amount at first, then wait to see returns before investing further.

On balance, I'm not persuaded Miss C acted unreasonably in believing this to be a real investment opportunity. While there is now a live FCA warning about the scammer this was not published until after Miss C had lost her money. So even if Miss C had made further checks, including after seeing the confirmation of payee warning, I don't think it's likely they would have revealed anything substantive that would have made Miss C question the legitimacy of the opportunity. While the returns were high, the scammer provided convincing looking trading dashboards and charts, and explanations about regular seasonal cycles that would drive profits. For someone who was not knowledgeable about trading or markets I can see why they may have looked convincing. Similarly, while Miss C did pay the "withdrawal fee" despite being initially told it would be free, when she paid it had been several weeks since she had been told it would be free, and the scammer was communicating regularly with fictitious "security" and "trading" updates in the period, so I can see why Miss C may not have noticed this difference while under pressure.

I've seen evidence that Monzo did promptly reach out to A to see if any funds remained to be recovered but unfortunately there was nothing remaining. And given we know Miss C moved the money out of her cryptocurrency wallet and on to the scammer, it would always have been the case that nothing could have been recovered. As such I think Monzo acted fairly here.

Putting things right

For the reasons set out above, Monzo should refund Miss C for the payments on 9 May and 31 May 2023 totalling £6,040. Miss C has also requested 8% per annum simple interest on the payments. Because the £5,000 was a loan from a friend (rather than money Miss C

would otherwise have had access to and would be disadvantaged by not having), I do not require Monzo pay interest on this amount. However, the payment of £1,040 Miss C paid from her savings. As such I think Monzo should also pay 8% simple interest on £1,040 from 31 May 2023 to the date the settlement is paid.

My final decision

My final decision is I'm upholding this complaint against Monzo Bank Ltd. To put things right I direct Monzo Bank Ltd. to compensate Miss C as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 March 2025.

Katy Grundy
Ombudsman