

The complaint

Mr T complains Monzo Bank Ltd won't refund the money he lost to a scam.

What happened

Mr T saw an advert for a cryptocurrency investment opportunity online. He completed a form to register his interest and was then called by someone claiming to be a financial advisor, who recommended an investment with a particular platform. Unfortunately, this was a scam.

The scammers directed Mr T to set up an account with Monzo. In early 2024, he used this account to send almost £16,000 to the scam platform. Around £10,000 was sent to a (legitimate) cryptocurrency wallet he held, which I understand he used to purchase cryptocurrency to send on to the scam. Two payments totalling £6,000 were also sent to another bank account he held, before again being sent on to the scam.

Mr T asked to withdraw from the platform. He says he was told he needed to deposit further funds – following which cryptocurrency was withdrawn without his approval. Realising he had been scammed, he complained to Monzo (via a professional representative). He said it should have questioned him about the payments, and if it had done so it would have recognised the hallmarks that he was falling victim to a scam.

Monzo said it wasn't liable as the funds hadn't been lost to the scam directly from his Monzo account. Unhappy with this response, Mr T referred the matter to our service.

Our investigator didn't uphold the complaint. They found Monzo, and two other banks, had spoken to Mr T about several payments (or attempted payments) made in connection with the scam. Based on how Mr T responded, the investigator wasn't persuaded Monzo should reasonably have identified the scam and prevented Mr T's loss. They also didn't think it could have recovered his loss when the scam was reported.

Mr T has appealed the investigator's outcome. In summary his representative says Monzo continued to allow cryptocurrency payments after uncovering the scam. And that Mr T asked Monzo to check whether an email he received about paying fees to withdraw was genuine, showing he had concerns and was open to its input. It says Monzo should have realised the email was part of a scam.

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've decided not to uphold it. I'll explain why.

It's agreed Mr T authorised these payments. That means the starting position is that he's liable for the loss arising from those payments. In line with the Payment Services Regulations 2017, firms are expected to process authorised payment instructions without undue delay.

However, there are some situations where I would reasonably expect a firm to make further enquiries about a payment before deciding whether to process it – in circumstances where there are grounds to suspect it presented a fraud risk. If a firm failed to respond proportionately to a fraud risk, and proportionate intervention would have prevented the consumer's loss, it may be fair to hold the firm liable.

Here, I can see Monzo did identify a risk with several payments Mr T sent (or attempted to send) in connection with the scam. And it spoke to him over the phone on several occasions to find out more about what he was doing. During those calls, Mr T told Monzo:

- He had been investing in cryptocurrency for several years – and provided screenshots to support this dating from late 2022;
- He hadn't been directed to open the account;
- No-one had contacted him about an investment opportunity and no-one was advising him on what to do;
- He hadn't been guaranteed any returns.

So, Mr T didn't tell Monzo that he was moving the funds on to invest with a platform he had found through an online advertisement. Based on what Monzo was told, I don't think it should have realised he was falling victim to a scam. I consider it reasonable that Monzo processed the payments Mr T has disputed in line with his requests.

During Monzo's interactions with Mr T, it did also warn him about the risks of online trading scams, including some features relevant to the scam he fell victim to. For example I can see it told Mr T during an in-app chat, prior to any of the payments he is disputing, about how scam trading platforms promote themselves online, and how they may impersonate/clone genuine companies. Following these warnings and discussions, Mr T continued to make payments to the scam.

Mr T's representative says Monzo allowed further payments after uncovering the scam. But as the investigator has explained, the contact the representative is referring to relates to Monzo flagging concerns about a particular cryptocurrency exchange Mr T tried to pay. It wasn't about the scam platform.

Mr T didn't attempt further payments to the exchange Monzo expressed concerned about – which, in any event, appears to have been a genuine merchant unconnected to the scam. In the circumstances, I don't think Monzo should reasonably have prevented Mr T from making payments to the genuine, unconnected cryptocurrency wallet he used from this point on (which he had also paid previously). Nor that it should have blocked Mr T's payments to his own bank account.

The representative also says Mr T asked Monzo to check whether an email he received about paying fees to withdraw was genuine. I don't agree with that characterisation of this interaction.

Monzo spoke to Mr T about a payment he was attempting, and he said he was paying money to withdraw his funds. Monzo was concerned about this. It said this would be a scam, and that it wasn't typical of a genuine investment – as they would deduct any fees from the amount he was withdrawing.

Despite the scam concerns Monzo warned Mr T about, he said he was still comfortable with the payment and didn't think it was a scam. He said it wasn't a fee; it was part of a particular procedure whereby he had to send funds to his account, which only he had access to, and he wouldn't be sending any funds on.

The Monzo staff member Mr T was speaking to looked up the procedure he referred to and found information online suggesting it was genuine. I can see why, in the circumstances as described by Mr T, the risk the funds could be lost to a scam wasn't so clear. He said he wasn't moving funds on, so they would simply stay in his wallet which only he had access to. If Mr T had divulged that he was acting on the instructions of/investing with a third-party, I think it would have been much clearer to Monzo that Mr T's money was at risk.

While Mr T did send in a screenshot of the request he had received, this wasn't because he was asking for guidance on whether it was genuine, but on *Monzo's* request. And while the representative has pointed out that the email address wasn't listed online as a real email address for the relevant (genuine) company the request appeared to come from, the screenshot Mr T provided omitted the address – and showed that company's logo.

In hindsight, I do agree it would have been helpful if Monzo had gone back and asked for the full message showing the email address it had been sent from. But thinking about the level of risk apparent to Monzo at the time and bearing in mind the warnings it had already given Mr T, I'm not persuaded it was unreasonable for it to process the payment without this.

Furthermore, Mr T's engagement with Monzo suggests he wasn't open to disclosing the full details of what he was doing. He repeatedly said he was acting independently – not only to Monzo, but to other account providers who he used to send funds to the scam.

I also don't agree that Mr T was open to Monzo's input about what he was doing. He wasn't dissuaded by the relevant scam warnings Monzo (or other firms) issued. I'm therefore not persuaded Monzo would have succeeded in uncovering the scam, and preventing Mr T from making further payments, even if it had probed or warned him further at this point.

In all the circumstances, I'm not persuaded it's fair to hold Monzo liable for Mr T's loss as I'm not persuaded it should reasonably have prevented this. And as the funds were sent on to the scam via other accounts Mr T had control of, I don't think it could have successfully recovered any of the funds either.

I appreciate this will be disappointing to Mr T, who has lost out due to a cruel and sophisticated scam. But having carefully considered all the circumstances, I'm not persuaded it would be fair to direct Monzo to reimburse him.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 May 2025.

Rachel Loughlin
Ombudsman