

## The complaint

Mr L complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

Mr L is being represented by a third party. To keep things simple, I will refer to Mr L throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr L tells us that his girlfriend was investing in cryptocurrency with an investment company I will call X, although Mr L's girlfriend had not yet made a withdrawal from her investment account, she appeared to be making a good return.

Mr L says he searched X online and was able to find positive reviews, so he decided to open an account with X himself. Mr L was then assigned an account manager who carried out trades on his behalf and provided professional training.

As X appeared to be a legitimate investment company and Mr L appeared to be seeing good returns, he continued to make investments with it. However, Mr L's girlfriend then told him that she had attempted to make withdrawals from her investment account without success.

Mr L then searched X again online but this time found negative reviews and realised he had fallen victim to a scam.

Mr L made the following payments in relation to the scam from his Monzo account:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	27 March 2023	Foris Dax MT Limited	Transfer	£10,000.00
2	20 April 2023	Foris Dax MT Limited	Transfer	£10,000.00
3	21 April 2023	Foris Dax MT Limited	Transfer	£10,000.00
4	3 May 2023	Foris Dax MT Limited	Transfer	£3,500.00
5	4 May 2023	Foris Dax MT Limited	Transfer	£2,000.00
6	19 May 2023	Foris Dax MT Limited	Credit	£5,281.31cr

Our Investigator considered Mr L's complaint and didn't think it should be upheld. Mr L disagreed, so this complaint 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.

It has not been disputed that Mr L has fallen victim to a cruel scam. The evidence provided by both Mr L and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mr L lost due to the scam.

*Could Monzo have done anything to recover Mr L's money?*

As the payments were made by transfer and sent to a cryptocurrency account held in Mr L's name, Monzo would not have been able to recover the funds as there's no dispute that cryptocurrency was provided in exchange for the payments to Mr L, which he subsequently sent to the fraudsters.

*Should Monzo have reasonably prevented the payments Mr L made?*

It has been accepted that Mr L authorised the payments that were made from his account with Monzo, albeit on X's instruction. So, the starting point here is that Mr L is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and intervened when Mr L made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

Monzo did intervene when Mr L made the payments from his Monzo account. Monzo provided a written warning when Mr L attempted to make payment 1, however this warning was general, and I don't think it went far enough to warn Mr L about the risks associated with the payment he was making.

But Monzo did intervene again later in the scam via its online chat facility and via telephone calls that took place on the 3 and 4 of May 2023. I have read the chat transcripts and listened to recordings of the calls that took place.

It's clear from both, that Mr L felt the questions being asked by Monzo were invasive and that at the time they were going too far with the questions they were asking.

When questioned about the payments Mr L confirmed:

- He had been investing with X for more than two years
- He had faced no issues sending money in or out
- He had been able to withdraw more than he had put in
- He had invested roughly half of the payments he had sent with X, and the rest in something else
- He was able to withdraw funds both to his crypto wallet and to his bank, and had done both

Mr L was also asked if he had checked the FCA register and advised to do so by Monzo, but Mr L confirmed he was happy with the payments he was making.

I'm not sure why Mr L was not honest with Monzo when he was questioned about the payments, he was making but the incorrect information Mr L provided to Monzo would have made it incredibly difficult for it to uncover the scam that was taking place.

I understand that Mr L feels Monzo should have gone further with its questioning, but I think Monzo asked reasonable questions that were not answered honestly by Mr L, and although I think Monzo should have intervened earlier in the scam, as early as when Mr L made payment 1, I haven't seen enough to say that Mr L would have given any more honest answers had it intervened sooner. With the above in mind, I don't think Monzo missed an opportunity to uncover the scam, and it is not responsible for Mr L's loss.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 February 2025.

Terry Woodham  
**Ombudsman**