

## **The complaint**

Ms L complains that Monzo Bank Ltd has refused to refund the money she lost as a result of a scam.

Ms L has been represented in her complaint by a firm of solicitors.

## **What happened**

The background to the complaint is well known to the parties, so I'll simply summarise it here.

In brief, Ms L saw an advert online for investing on a trading platform using cryptocurrency. The advert appeared to be endorsed by a well-known financial journalist. Ms L expressed an interest in investing and was contacted by a broker ("the scammer") from the trading platform. Unfortunately, the trading platform ultimately turned out to be fake. The scammer told Ms L that the investment would provide her with profits and a reliable income stream. He explained that investors usually used cryptocurrency to fund their trading account, and that he then made the trades on the investors' behalf.

Ms L used the debit card linked to her Monzo account to buy cryptocurrency on a digital platform ("T"). She then sent the cryptocurrency on to her account on the scammer's trading platform.

At first, the trading platform appeared to show healthy growth in Ms L's investments, and the scammer encouraged Ms L to invest further to increase her returns. But when Ms L told the scammer she wished to withdraw money, he told her she'd need to pay a fee of £10,000 to verify herself. She didn't have enough money to do so, and the scammer subsequently told her that she could use another method to withdraw the money, involving a smaller fee of £3,800, and he'd pay half of it. So Ms L paid £1,900.

Ms L continued to make payments to the scammer's platform. And she paid £1,500, which the scammer told her was a deposit needed to make the withdrawal. But on being told that she'd also have to pay an "insurance fee", Ms L asked to cancel her withdrawal request. When this was refused, Ms L complained, and when she didn't receive any response to her complaint, she realised she'd fallen victim to a scam.

Ms L made the following payments as a result of the scam:

	Date	Amount
1	20 March 2023	£600
2	23 March 2023	£1,000
3	24 March 2023	£1,000
4	25 March 2023	£1,000
5	27 March 2023	£800
6	27 March 2023	£1,900
7	9 April 2023	£600
8	10 April 2023	£100
9	10 April 2023	£150
10	10 April 2023	£180
11	13 April 2023	£1,000
12	17 April 2023	£800
13	26 April 2023	£750
14	27 April 2023	£450
15	2 May 2023	£660
16	3 May 2023	£260
17	12 May 2023	£700
18	16 May 2023	£732
19	16 May 2023	£1,500
20	16 May 2023	£50
<b>Total</b>		<b>£14,232</b>

Monzo still hadn't considered Ms L's complaint by the time she brought it to this service.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she commented that there were no warnings about T that should have alerted Monzo to be suspicious. And she said the payments were spread over 57 days, and weren't large enough, or sufficiently out of character, that Monzo ought to have intervened.

Ms L disagreed with the investigator's view, so the complaint's been passed to me.

### **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, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice, and, where appropriate, what I consider to have been good industry practice at the time.

Although I've only summarised the evidence and arguments above, I've read and taken into account everything that both parties have provided. That includes the detailed submissions provided by Ms L's representatives. I am not going to respond to each point made. Instead, I've focused on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this, as we are an informal dispute resolution service. If there's something I haven't mentioned, it's not because I've overlooked it. Rather, I'm satisfied that I don't need to comment on every point to fulfil my statutory remit.

It's not in dispute that Ms L has fallen victim to a cruel scam, and I was sorry to learn of this. It's also common ground that the payments made to the scam were 'authorised'. Ms L knew she was sending money to her own account with T. So even though she didn't intend the payments to end up with a fraudster, the payments were 'authorised' under the Payment Services Regulations. Monzo had an obligation to follow the payment instructions it received, and Ms L is presumed liable for her loss in the first instance. But that's not the end of the story.

All 20 payments were made by debit card, and were to an account in Ms L's own name. So the principles of the Contingent Reimbursement Model don't apply in this case.

Bearing in mind what I think Monzo should have known about cryptocurrency scams at the time, I think it should have done the following to help protect its customers from the possibility of financial harm:

- monitored accounts and payments to counter various risks, including fraud and scams;
- 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer; and
- in some circumstances, regardless of the payment method used, taken additional steps, or made additional checks, before processing a payment, or, where appropriate, declined to make a payment altogether.

I acknowledge that Ms L's loss didn't arise directly from the payments she made from her Monzo account. All the payments were for the purchase of genuine cryptocurrency, and the loss occurred at a later stage. But even so, there might have come a point at which I'd have considered that Monzo should have taken a closer look at the payments, given the significant risk of fraud associated with cryptocurrency investments at the time.

But I also need to bear in mind that banks such as Monzo process high volumes of transactions every day, and I consider that there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of Monzo to consider a range of factors when deciding whether to take any additional steps before making the payments. Ultimately, I need to decide whether the payments were concerning enough that it would have been reasonable to expect Monzo to have a closer look at the circumstances surrounding them.

The payments to T were spread over 15 individual days in a period of eight weeks. I've looked at the statements for Ms L's Monzo account for the 12 months before she started making payments to the scam. I can see that she used it frequently for daily spending, and that she made numerous payments and numerous transfers in and out of the account. Having reviewed the account history, I accept that some of the more substantial payments to the scam were larger than the payments Ms L typically made from her account.

However, while I appreciate that the payments Ms L made to the scam represented a lot of money to her, overall I don't think they were of such a high value that they should have prompted Monzo to be concerned that Ms L was at heightened risk of financial harm.

Ms L's representatives have commented that the payments Ms L made to the scam frequently took her account into overdraft, and that she had taken out loans. They believe that this should have alerted Monzo to the fact that Ms L was financially vulnerable.

I can see that Ms L's account had been overdrawn much of the time during the months leading up to the payments she made to the scam. So being in overdraft was not unusual for Ms L's account, and the balance generally fluctuated within the overdraft limit, with multiple payments being made in and out of the account. It's true that Ms L sometimes took out a small loan to keep the overdraft within the agreed limit, but I don't consider that those loans were of a size or frequency that ought to have led Monzo to believe that Ms L was financially vulnerable. What's more, the payments she made to the scam were covered by corresponding payments into the account. In all but a few cases, those payments either came from one of the savings "pots" that Ms L held with Monzo, or from an account she held elsewhere. So I don't accept that those payments were responsible for Ms L's account being overdrawn or that they ought to have prompted Monzo to believe that she was at risk of financial harm.

I've also borne in mind that the payments were to an account in Ms L's own name at T, which is a digital platform that deals with both cryptocurrency and regular money. So I don't think there'd have been any basis for Monzo to assume that the payments to T were necessarily to buy cryptocurrency. And even if it had had reason to believe that it was likely that Ms L was buying cryptocurrency, I'm mindful that Monzo's customers can, and do, make payments to cryptocurrency exchanges for the purchase of genuine cryptocurrency which aren't connected with scam. And no official warnings had been issued about T that ought to have triggered Monzo's fraud prevention systems. So I don't consider that Monzo was at fault for not intervening before Ms L made the payments.

I've thought about whether Monzo could have recovered the money using a chargeback. But I don't think a chargeback would have succeeded in this case. This is because the money was sent to a crypto account in Ms L's own name, and was used to buy genuine cryptocurrency. So she effectively got what she paid for. And I can't see that there'd have been any other way to recover the money.

I'm sorry that Ms L has lost a significant amount of money. And this isn't a decision I've made lightly. But taking everything into account, for the reasons I've set out, I don't consider that Monzo, which had no involvement in the scam itself, can fairly be held responsible for her losses.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 30 May 2025.

Juliet Collins  
**Ombudsman**