

The complaint

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

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 C tells us that he met an individual I will call X via an online dating application and that conversation quickly moved to a well-known messaging application where X started to explain how she invested and made profits from investing in cryptocurrency.

X encouraged Mr C to watch her trades and then to invest. The investment process required Mr C to download a trading platform, and for him to make payments into the trading platform via cryptocurrency exchanges.

X convinced Mr C that the more he invested the higher returns he would make, and so he invested more.

The investments appeared to be going well until Mr C attempted to make a withdrawal from the trading platform and he was asked to make further payments first. But after making further payments Mr C was still unable to make a withdrawal from the platform and realised, he had fallen victim to a scam.

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

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Amount</u>
1	4 December 2023	Moonpay	£500
2	4 December 2023	Moonpay	£8,000
3	6 December 2023	Moonpay	£3,500
4	8 December 2023	Moonpay	£6,000
5	9 December 2023	Moonpay	£6,000
	9 December 2023	Moonpay	£6,000cr
6	10 December 2023	Ramp	£6,000
7	14 December 2023	Moonpay	£7,500
	15 December 2023	Moonpay	£7,500cr
8	16 December 2023	Transak	£27,500
9	20 December 2023	Transak	£18,000
10	21 December 2023	Transak	£7,200
11	21 December 2023	Transak	£500
12	22 December 2023	Transak	£12,700
13	24 December 2023	Transak	£17,000
14	28 December 2023	Transak	£5,300

While this complaint has been with our service Monzo has refunded Mr C 50% of his loss

(plus 8% simple interest) and a further £100 compensation for the delay in looking at his claim. Our Investigator considered Mr C's complaint and thought the amounts offered by Monzo was fair, so he didn't ask it to do anything further. Mr C 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 isn't in dispute here that Mr C has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

Recovering the payments Mr C made

Mr C made payments into the scam via his debit card and the method of transfer. But the payments were sent to genuine cryptocurrency exchanges and exchanged for cryptocurrency that was sent on in relation to the scam. As Mr C's dispute is with X and a genuine service was provided in exchange for the payments Mr C made, any recovery attempt would have little prospect of success.

Should Monzo have reasonably prevented the payments Mr C made?

It has been accepted that Mr C authorised the payments that were made from his account with Monzo, albeit on X's instruction. So, the starting point here is that Mr C 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 stepped into question Mr C about the payments he was making. And if it had questioned Mr C would it have been able to prevent the scam taking place.

The first payment Mr C made in relation to the scam was not of such a high value that I would have expected it to have caused Monzo to have concerns. However, the second payment Mr C made was for a significantly higher value and was being made to a well-known cryptocurrency exchange. Considering the increased risk associated with this type of payment, that Monzo would have been aware of at the time, I think this payment should have triggered Monzo's fraud prevention systems. It should then have intervened and discussed the payment with Mr C.

As the scam Mr C was experiencing was relatively common at the time I think it's most likely that had Monzo questioned Mr C it would have uncovered the scam, so it is responsible for Mr C's loss from payment 2 onwards.

Did Mr C contribute to his loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation on the basis that Mr

C should share blame for what happened. Mr C does not appear to have carried out much research before agreeing to follow X's guidance sending large sums of money.

Mr C had also not been speaking to X for very long before starting to make the payments and had only communicated via his phone, not in person.

Mr C also took out a loan to fund the investment which he says he gave the reason as in relation to a car. This was clearly not correct.

In addition to the above Mr C appeared to be gaining returns on his investments that were simply too good to be true, yet he didn't question this.

With the above in mind, I think there were clear red flags throughout the investment process that Mr C should have taken notice of and taken more care. If Mr C had taken more care and for example carried out more in-depth research or sought advice, he could also have prevented his loss.

Putting things right

To put things right I would require Monzo Bank Ltd to refund Mr C 50% of his loss from payment 2 onwards plus 8% simple interest from the date of loss to the date of the refund. As Monzo Bank Ltd has already paid Mr C more than this amount, it doesn't have to take any further action.

My final decision

I uphold this complaint but as Monzo Bank Ltd has already paid Mr C more than what I would have required it to since this complaint has been with our service, it does not have to take any further action.

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

Terry Woodham
Ombudsman