

The complaint

Mr I complains that Monzo Bank Ltd ("Monzo") hasn't protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr I has explained that between August and November 2023 he made payments from his Monzo account as a result of what he thought was a legitimate investment opportunity. Mr I subsequently realised he'd been scammed and got in touch with Monzo. Ultimately, Monzo didn't reimburse Mr I's lost funds, and Mr I referred his complaint about Monzo to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

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 to not uphold Mr I's complaint for materially the same reasons as our Investigator.

If Mr I has been the victim of a scam here, he has my sympathy. Ultimately, however, if this is so, Mr I has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Monzo. It would only be fair for me to tell Monzo to reimburse Mr I his loss (or part of it) if I thought Monzo reasonably ought to have prevented the payments (or some of them) in the first place, or Monzo unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I'm satisfied Mr I authorised the relevant payments. Monzo would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr I is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Monzo should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Monzo to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

Here, having reviewed Mr I's account and the payments he said he made as a result of fraud, I agree with our Investigator: I think Monzo ought to have realised on 20 November 2023 (when Mr I made three payments to a crypto provider totalling £5,000) that he was at heightened risk of financial harm, and that it should therefore have intervened

proportionately at this stage to check everything was in order. Unfortunately for Mr I, however, I don't think this is likely to have made a difference in this particular case.

I say this because whilst it is possible that if Monzo had done this, that Mr I may have paused and ultimately not proceeded with (and lost) his payments, I think it's most likely that he would in fact still have done so. This is because I think a proportionate response would have been for Monzo to give Mr I a tailored warning about cryptocurrency investment scams. But as has been acknowledged in the complaint form submitted to our service, the outfit Mr I was dealing with appeared to be a legitimate operation without any of the usual signs scammers employ. What's more, Mr I has explained that a friend had mentioned the 'opportunity' to him and showed 'evidence' it was an opportunity to make money. Mr I has also said he looked on the website and they had licenses and everything seemed to check out fine. I'm also aware that it appears that everything seemed to be running as expected to Mr I – such that he had no concerns and thought things were legitimate – up until November 2023 when he made the further payments and couldn't subsequently withdraw them. I've also not seen anything that was likely in the public domain at the time that likely would have flagged to Mr I that he was being scammed by this particular outfit. This means that I think if Monzo had proportionately intervened, and even if Mr I had taken on board what Monzo said, I think ultimately Mr I would have been reassured enough, by what he'd already researched, that he would have been prepared (as he actually was) to continue with his payments at this stage. I can't say I'd expect, beyond this, for Monzo to have done anything more in this particular case. This means I can't fairly say Monzo unreasonably failed to prevent the payments, or that it should be held responsible for Mr I having made and lost them.

The only potential avenue to have recovered debit card payments like this, after they were made, would have been via the chargeback scheme. However, Mr I made the payments to the crypto exchange (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammers). The crypto exchange would have legitimately provided the services intended. Any subsequent transfer of the cryptocurrency onto the scammers would not give rise to valid chargeback claims through Monzo. So I don't think these particular payments were reasonably recoverable through Monzo once they had been made.

I'm sorry if Mr I was scammed and lost this money. But despite my natural sympathy, I can't fairly tell Monzo to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 3 June 2025.

Neil Bridge
Ombudsman