

The complaint

Mr A complains that Monzo Bank Ltd did not help him when he was the victim of a scam.

What happened

Mr A fell victim to a scam when he was contacted by an individual on a messaging platform. The individual said they had an investment opportunity Mr A could make returns on, and they explained how to set up a cryptocurrency account. Mr A spoke with the individual for many months and agreed to invest some funds in the cryptocurrency investment they recommended. However, this was fake, and Mr A was sending cryptocurrency to a scammer.

Mr A had an account with Monzo but did not actively use it. He was told by the scammer that his investment account had been frozen, and he needed to pay \$3,000 to unfreeze it. He made a transfer of £2,000 from his Monzo account to a cryptocurrency exchange on 21 October 2023. However, he still did not receive his returns after this point and was asked to pay taxes to gain access to them. Eventually he felt he had been the victim of a scam. He raised a scam claim with Monzo in November 2023.

Monzo issued a final response letter in which they explained they were unable to recover the funds from the beneficiary account as none remained. And they did not think Mr A had carried out enough checks when he was asked to make the investment, so they did not think they should be responsible for reimbursing him.

Mr A referred the complaint to our service and our investigator looked into it. They did not agree that the transaction of £2,000 was covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which provides additional protections for victims of authorised push payment ("APP") scams like Mr A. This is because while Mr A said he did not have control over the cryptocurrency account the £2,000 was transferred to, the chat with the scammer and the screenshots provided suggested he did. Overall, the Investigator did not think the transaction was unusual enough to have warranted intervention from Monzo before it was processed, so they did not think Monzo missed an opportunity to reveal the scam.

Mr A did not agree with the outcome as he felt he had been the victim of a scam and that he should receive a refund from Monzo. As an informal agreement could not be reached the complaint has been passed to me for a final 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 carefully reviewed all of the evidence available to me, I'm satisfied Mr A has been the victim of a scam and I'm sorry he's had to go through this experience.

Having looked over the chats as well as the screenshots Mr A sent the scammer, I think it's

more likely the £2,000 was sent to a cryptocurrency wallet that Mr A had control over, before it was forwarded to the scammer. Because of this, the transaction does not fall under the protection of the CRM Code. But Monzo still had a duty of care to protect Mr A's account from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr A authorised the payments in question as he believed they were part of a legitimate investment opportunity. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Monzo was obliged to follow Mr A's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Monzo did enough to try to keep Mr A's account safe.

On balance, I just don't think the transaction of £2,000 was unusual enough to have warranted intervention from Monzo before it was processed. While I appreciate the value was significant to Mr A, when compared to the type of everyday transactions that occur across Monzo's accounts, I don't think its value was unusual enough to say Monzo should have stepped in and carried out further checks on it. As there were no other transactions on the account in the months prior, I don't think Monzo had any genuine account activity to compare the scam payment so. With all of this in mind, I think it is reasonable that Monzo allowed the payment to be processed without asking Mr A questions about it.

Having carefully reviewed everything available to me, I think Monzo acted reasonably when it processed the payment of £2,000 and I don't think it needs to reimburse Mr A in the circumstances.

My final decision

I do not uphold Mr A's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 January 2025.

Rebecca Norris
Ombudsman