

The complaint

Mr S has complained that Monzo Bank Limited (“Monzo”) showed a lack of care by allowing multiple payments to be sent to a cryptocurrency exchange without giving him an appropriate warning.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr S has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr S, but I’d like to reassure Mr S and his representative that I’ve considered everything both parties have said.

Around January 2024 Mr S was approached by an individual (“the scammer”) on a messaging app and presented with the chance to join a group chat related to investment. Mr S explains the scammer guided him step-by-step on how to open an account with a cryptocurrency exchange, and send funds to his wallet held there, in order to start investing. He says he was promised fast returns at the rate of 95%.

Mr S says he was able to see the activity on his account, including the profit and loss he was making on his investment. He says he believed he was dealing with a legitimate company, and was not careless at any time, and consequently over the course of three months he sent in the region of £48,000 over 27 payments to the cryptocurrency exchange.

Mr S explains that he had limited experience of buying cryptocurrency and he feels the scammer was aware of this and took advantage of it.

The payments Mr S sent to the cryptocurrency exchange were as follows:

	Date	Amount (£)
1	15/01/2024	1000.00
2	15/01/2024	1000.00
3	15/01/2024	1000.00
4	15/01/2024	1000.00
5	15/01/2024	250.00
6	15/01/2024	1000.00
7	16/01/2024	4000.00
8	17/01/2024	4000.00
9	20/01/2024	3000.00
10	24/01/2024	2000.00
11	24/01/2024	1000.00
12	29/01/2024	3000.00

13	29/01/2024	3000.00
14	21/03/2024	50.00
15	22/03/2024	950.00
16	22/03/2024	950.00
17	22/03/2024	950.00
18	22/03/2024	950.00
19	22/03/2024	3000.00
20	22/03/2024	3000.00
21	23/03/2024	4000.00
22	23/03/2024	1000.00
23	22/03/2024	3000.00
24	24/03/2024	1000.00
25	24/03/2024	1500.00
26	24/03/2024	2000.00
27	24/03/2024	900.00

Mr S says he realised he'd been scammed when he was asked to pay a fee to withdraw the profits he'd made, and he wasn't able to pay the fee from the balance he held.

Mr S made a complaint to Monzo, in which he said that it had shown a lack of duty of care by allowing the payments to be sent without giving him appropriate warnings. Mr S acknowledged that Monzo called him once during his dealings with the scammer, but he says Monzo missed the opportunity to identify the scam risk and that it should've done more to satisfy itself he wasn't falling victim to a scam. Monzo didn't uphold Mr S's complaint.

Mr S remained unhappy so he referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained that she didn't think Monzo could've done more to prevent Mr S falling victim to the scam. She noted that during the call with Monzo Mr S wasn't entirely truthful in his answers, and so she said she didn't think it mattered at which point the call took place and Mr S would likely have given the same answers to facilitate the scam.

Mr S didn't accept the investigator's opinion, so the case has been passed to me to make 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.

I'm sorry to disappoint Mr S but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr S authorised these payments from leaving his account. It's accepted by all parties that Mr S gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mr S's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Mr S made payments to two different payees as part of this scam – some to a payee which I'll call "K" and the others to one which I'll call "P". However, both payees relate to the same beneficiary, so I'm satisfied they're part of the same scam.

Monzo says that on 4 January 2024 Mr S reported a separate scam. In that report he said he'd lost £500 when trying to buy Bitcoin. Monzo says Mr S didn't report the scam that is the subject of this complaint. For clarity, I won't be considering the report about the £500.

I've seen evidence that Monzo contacted Mr S by phone on 21 January 2024 when he attempted to make the ninth payment, for £3,000, to K.

I've listened to the between Mr S and Monzo phone call and having done so, I think Monzo did enough to try to establish whether Mr S was being scammed. I've included extracts of the conversation below.

Monzo: Has anyone contacted you regarding this payment?

Mr S: No, I'm doing it on my own back. I use a lot of cryptocurrency. When the price goes up I usually sell it and then I transfer the money back into my bank.

Monzo: How long have you been investing in crypto for?

Mr S: Must be nearly 4 years, something like that.

Monzo: You understand the risks that come with crypto?

Mr S: Oh yeah, course, yeah yeah yeah. I don't like losing my money.

Monzo: In terms of the research you've done into crypto, obviously you've got experience from doing it for so many years, but what research have you originally done?

Mr S: It's taken me about 18 months, I've had to research the markets [...] it's really self-taught in a way. YouTube and I have a financial advisor, I took advice off of him...

Monzo: You said you have a financial advisor, is that someone you know personally?

Mr S: Yes, a friend of mine, he managed to work out my mortgage, life insurance, all my financial needs really.

Monzo: The cryptocurrency account that you have, can you confirm that you opened that and only you have access to it?

Mr S: That's correct.

Monzo: Can you withdraw from your crypto account and have you in the past?

Mr S: I can withdraw, I haven't at the moment, no. But I will be doing in the very near future [...] I need to do some renovations on my house actually.

Monzo: And where do you see your profits, is it in the app or somewhere else?

Mr S: In the app, yeah.

Monzo: There's a big risk when it comes to crypto, could you afford to lose this money?

Mr S: I've done quite well when it comes to crypto. I don't want to lose the money

Monzo: We just needed to make sure that nobody had contacted you and said it's 100% guaranteed you're going to get the money and things like that.

Mr S: No they haven't, no.

I note Monzo also gave Mr S some cryptocurrency-specific information via its in-app chat once the phone conversation had finished. This included information on how cryptocurrency is unregulated and how he should be prepared to lose all the money he'd invested, due to volatility in the market, firm failures, and cyber-attacks.

Having reviewed the phone call alongside the information Mr S has provided in his complaint to this service, it's evident that there's a disparity between the two versions of events.

Mr S told Monzo he'd been investing in cryptocurrency for around four months, and he used the advice of a financial adviser to guide him in his investments. He also confirmed that nobody had contacted him regarding the payment, and that he was making the payment "off his own back". Mr S also says he had full control over his account at the cryptocurrency exchange.

Keeping in mind the information that Mr S gave to Monzo, I don't think Monzo missed the opportunity to identify and prevent the scam from taking place. Not only did Mr S give Monzo incorrect information around how he'd been introduced to the investment these payments were funding, but he also gave Monzo the reassurance that he was an experienced investor using the services of a professional adviser. In my view the questions Monzo asked gave Mr S ample opportunity to give it the full and genuine reason for the payments, which in turn would've allowed Monzo to further intervene in a more appropriate way, such as by explaining the scam that likely would've been apparent. But Monzo asked clear questions, probed his answers, and took Mr S's answers in good faith. So I don't hold it responsible for not doing more.

Although there's an argument to say that Monzo could've intervened sooner than it did, like our investigator, I don't think the timing of the call affects the chance Monzo would've had of a successful intervention. So even if Monzo had called or intervened in some other way before the ninth payment, I don't think Mr S's determination to make the payments would've been different. o I think it's unlikely this would've led to a different outcome.

I should note that Monzo says the payments to P were made to the third-party provider using Open Banking. Open Banking is a system that allows consumers to securely share their financial data with authorised third-party providers, such as budgeting apps other payment services. The idea is to give people more control over their financial information and allow them to use it to access better deals, new products, or services that can help manage their money.

With Open Banking, banks are required to provide access to this data (with the customer's permission) through secure technology called APIs (Application Programming Interfaces).

Monzo says that as Mr S made the payments from his Monzo account via Open Banking, it didn't provide any warnings. It also says that Open Banking connections can be made between a customer's own accounts, so it was satisfied Mr S was sending the funds to himself.

But the fact that Open Banking features in this payment journey doesn't mean Monzo didn't need to be aware of signs of financial harm to Mr S. Although using Open Banking means the payments was likely initiated by the cryptocurrency exchange where Mr S held his cryptocurrency account, the payments were sent from Mr S's Monzo account, so Monzo was still responsible for having effective systems and controls in place to monitor and identify potential risks as part of that payment journey.

Whilst I believe this is relevant to the way Monzo considers Open Banking payments in the context of scams, for the same reasons as I've explained above, I don't think the lack of intervention by Monzo in the payments to P changes things in this case.

I'm very sorry that Mr S has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Monzo responsible for that.

My final decision

I don't uphold Mr S's complaint against Monzo Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 October 2024.

Sam Wade
Ombudsman