

The complaint

Ms C complains that Monzo Bank Ltd (“Monzo”) hasn’t protected her 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, Ms C has explained that in September 2023 she made five payments totalling £5,250 from her Monzo account as a result of what she thought was a legitimate investment opportunity. Ms C subsequently realised she’d been scammed and got in touch with Monzo. Ultimately, Monzo didn’t reimburse Ms C’s lost funds, and Ms C referred her 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 note that Monzo has offered to pay Ms C £50 for service issues, and I think that’s fair because I’ve decided to not otherwise uphold Ms C’s complaint. I don’t doubt Ms C has been the victim of a scam here and she has my sympathy. Ultimately, however, Ms C has suffered her loss because of fraudsters, and this doesn’t automatically entitle her to a refund from Monzo. It would only be fair for me to tell Monzo to reimburse Ms C her 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 fair and reasonable.

I’m satisfied Ms C 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, Ms C is presumed liable for the loss in the first instance, in circumstances where she 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 Ms C’s account and the payments she made as a result of fraud, I do think, like our Investigator, that when Ms C made her payment of £2,600 on 15 September 2023 that Monzo ought to have intervened and warned Ms C about potential scams before allowing this payment to debit Ms C’s account. I say this because Monzo ought to be well aware of the increase in cryptocurrency scams. And I don’t think it’s unreasonable to say that Monzo ought to have been able to know from the payment information that this payment was heading to a crypto provider. Monzo also ought to have

been able to see that Ms C had already made three payments to this crypto provider in the last couple of days, totalling £2,100. Such that, I think, by the time of this fourth payment for £2,600, Monzo reasonably ought to have realised Ms C was at heightened risk of financial harm from fraud. That said, there's a balance to be struck regarding the extent I would expect Monzo to have intervened here. So I think Monzo should have asked Ms C about the payment and then given her a tailored warning about cryptocurrency scams.

This is a close decision because I can see that Ms C later did become suspicious, so arguably it might not have taken much to have put her on higher alert than she was at this earlier stage, if Monzo had intervened. However, unfortunately for Ms C, I think it's most likely that Monzo's intervention wouldn't have made a difference. I say this because I wouldn't reasonably have expected Monzo's intervention to have uncovered that Ms C's friend's social media account had been hacked. So I think at best Ms C would have been informed about the general features of cryptocurrency scams. But I think that as Ms C had been recommended this opportunity by a friend, it's likely that she would just have done what she did – have asked her friend about things, and that ultimately she likely would have been reassured enough, at least at this stage, to ultimately make the same payments that she did. I know Ms C then later had suspicions which ultimately led her to uncover the scam, but I just don't think intervention from Monzo would likely have caused this to happen sooner in the individual circumstances of this case. I'm therefore not persuaded I can fairly say Monzo unreasonably failed to prevent these payments.

And as these payments were made for cryptocurrency that was ultimately sent onto the scammers, I can't see that Monzo could reasonably be expected to have been able to recover Ms C's funds when she later informed Monzo that she'd been scammed.

I'm sorry if Ms C was scammed and lost this money. But despite my natural sympathy, I can't fairly tell Monzo to reimburse her 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 think Monzo's offer to pay Ms C £50 for service issues is fair and I don't otherwise uphold this complaint.

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

Neil Bridge
Ombudsman