

The complaint

Mr K complains that Monzo Bank Ltd have failed to refund £5,850 he says he lost to a crypto investment scam.

The details of this complaint are well known to both parties. So, if there's a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Monzo was responsible for Mr K's loss.

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 agree with the conclusions reached by our Investigator for the following reasons:

- It isn't in dispute that Mr K authorised both the disputed card payments he made to a legitimate crypto exchange, and the genuine faster payments to third party individuals for the purchase of crypto. The funds were then unfortunately transferred on to the scammers. The payments were as follows:

Date	Payment
4/10/2023	£1,000 (faster payment)
5/10/2023	£1,000 (faster payment)
6/10/2023	£1,000 (faster payment)
25/10/2023	£850 (faster payment)
31/10/2023	£1,000 (card payment)
20/11/2023	£500 (faster payment)
21/11/2023	£500 (card payment)
Total	£5,850

- The payments were requested by Mr K using his legitimate security credentials provided by Monzo. In line with the Payment Services Regulations 2017, consumers are liable for payments they authorise. Monzo is expected to process authorised payment instructions without undue delay.
- The Contingent Reimbursement Model (CRM Code) is a voluntary scheme that provides increased protection for victims of authorised push payment scams. Monzo isn't a signatory of the CRM Code; but says it's committed to applying the principles within it.

- But the CRM Code doesn't apply in the circumstances on Mr K's complaint. Firstly, two of the payments Mr K made were card payments which are not covered under the CRM Code. Similarly, while it is undisputed Mr K lost money to scammers, his initial faster payments actually went towards the legitimate purchase of crypto, which would also not be covered under the CRM Code.
- While the CRM Code doesn't apply, I've considered whether Monzo should've done more to prevent Mr K from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly unusual or suspicious.
- At the time these payments were made there was a high prevalence of crypto scams; and so, the risks of making crypto related payments should've been well known to Monzo. But I must keep in mind that banks process high volumes of transactions each day; and that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.
- I appreciate that Mr K has lost £5,850 which is a significant amount of money. But this amount wasn't paid in one large transaction. It was spread over seven separate smaller increments to four different payees which, in my judgement, wouldn't have appeared particularly suspicious to Monzo. I'll explain why.
- From looking at Mr K's bank statements in six months prior to the scam, I can see that he regularly made one off payments to new payees.
- I accept that the disputed payments were larger than payments made from Mr K's account in the previous six months. But it isn't unusual for customers to make larger payments from time to time during usual account activity.
- I recognise that Mr K sent £3,000 in three days (between 4 and 6 October 2023). But I still don't think £3,000 is of a high enough value that Monzo would've been overly concerned about.
- All payments were also made to legitimate payees. And I'm also mindful that the faster payments were not identifiably linked to the purchase of crypto.
- The 31 October and 21 November 2023 payments were identifiably made to a legitimate crypto exchange. But the values were relatively low, and the payments were far apart. I'm also aware that payments involving the purchase of crypto can be part of a legitimate investment.
- All payments were also relatively spread out, having been made over a period of more than six weeks. And they didn't sequentially increase in value. This isn't usually conducive with the hallmarks of a scam and would, in my opinion, have made the payments appear to Monzo more like normal account activity.
- So, having considered the payments Mr K made as part of the scam, I'm not persuaded, on balance, there was anything unusual or suspicious that ought reasonably to have triggered Monzo's fraud monitoring systems, or that would've indicated he was in the process of being scammed.
- I also agree with our Investigator that there was no reasonable prospect of Monzo recovering the lost funds at the point it was alerted to the scam. And that there is no basis on which to award Mr K compensation for distress and inconvenience.

I appreciate this will likely come as a disappointment to Mr K, and I'm sorry to hear he has been the victim of a cruel scam and of the impact this has had on him. However, in the circumstances of this complaint, I don't consider it would be fair and reasonable to hold

Monzo responsible for his loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision **before 17 October 2024**.

Anna Jackson
Ombudsman