

The complaint

Mrs C complains about the actions of Monzo Bank Ltd when she lost money to a scam.

Mrs C is being represented by a claims management company but for ease I'll only refer to Mrs C.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In July 2023 Mrs C saw an article online from a popular TV show and musician who had made money purchasing Bitcoin through a merchant. Mrs C decided to complete some research into the merchant. She said she saw positive reviews and felt the merchant's website was extremely professional, so she reached out to the merchant to find out more. She was then contacted by phone by a representative of the merchant. The merchant talked her through how to set up accounts with genuine crypto exchanges and how the investment would work. Mrs C decided to start investing and made a £250 payment in July 2023 from her bank – I'll refer to here as F to a genuine crypto exchange. At that point, F stopped the £250 payment and asked Mrs C some questions about why she was making it and whether she had been contacted and told to make this payment by any third parties. Mrs C said the payment was for a holiday and that no one had contacted her and asked her to make the payment.

Mrs C was being regularly encouraged to invest more money by the merchant. So, she decided to take out a loan for £15,000 and then proceeded to send around £17,000 from an account she held with an Electronic Money Institution (EMI) – I'll refer here to as G - to the merchant via crypto exchanges. When Mrs C attempted to make a payment on 29 August 2023 from G to a genuine crypto exchange, she was asked some questions about the payment. After Mrs C answered the questions, the payment was released.

Mrs C was then encouraged to take a loan out with Monzo for £4,500 which was funded to her account on 12 September 2023. She transferred this to G but the money was then returned to her Monzo account where she then sent £4,290 to a genuine crypto exchange at the merchant's request.

Mrs C started to question the investment and conducted some further research into the merchant. She saw negative reviews online and asked the merchant to close down her account. It refused and asked her for £10,000 in order to access her funds. At that point Mrs C realised she had been scammed. So, she raised a claim with G and Monzo but neither offered her a refund. So, Mrs C brought her complaints to this service. Our investigator didn't think the complaint should be upheld. He said that Monzo wasn't aware of Mrs C's vulnerabilities at the time of the scam but should've found the £4,290 payment to the genuine crypto exchange on 14 September suspicious and intervened. But even if it had done so, the investigator didn't think this would've likely made a difference based upon the misleading answers Mrs C had given F and G previously, where she had

denied anyone else was involved in her making the payment and no one had contacted her asking her to invest.

Mrs C disagreed and asked for an Ombudsman's review. She said that if Monzo had intervened and provided effective scam advice she would've listened. She said that if she had provided the same story she provided to F and G to Monzo it would've seen through it and the scam would've been stopped. She added that Monzo must avoid causing foreseeable harm to its customers under the Financial Conduct Authority's (FCA) Consumer Duty.

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 reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mrs C has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mrs C authorised the scam payments of around £4,290. I accept that these were authorised payments even though Mrs C was the victim of a scam. So, although it wasn't her intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of her account, Mrs C is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Monzo's first obligation is to follow the instructions that Mrs C provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Monzo to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Monzo to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Monzo to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

I agree with the investigator that Monzo should've stopped the payment to the genuine crypto exchange. So, I need to decide whether Monzo stopping that payment and asking Mrs C some probing questions about why she was making it would've made a difference here. Having done so, I'm not satisfied it would've.

I've listened to the calls provided by F and reviewed the evidence provided by G as a part of Mrs C's other complaint against G that she brought to this service. Mrs C was asked by F in July 2023 if any third party had contacted her and asked her to make the £250 payment.

Mrs C said no to these questions. She then said she was making the payment for a holiday which wasn't the real reason for the payment. Mrs C was put through to a fraud advisor at F who provided a warning to her about common crypto investment scams. F then asked Mrs C what made her buy the crypto and she repeated the same story as before – to send money for a holiday. Mrs C then denied that she had been approached and asked to register with the crypto exchange. Mrs C has said in her testimony to this service that she was directed by the scammer to open up accounts with the crypto exchanges and told to take out loans. And that during a call with the scammer on 28 August 2023, Mrs C had no reason to distrust the scammer because she believed them to be a legitimate broker, so she felt comfortable taking out a loan. I've also noted Mrs C denied to G that she had downloaded screensharing software when it stopped a payment and asked her some questions.

As a result of the above, I'm satisfied that Mrs C would've more than likely told Monzo that she hadn't been approached by any third parties and that she was making the payment to the crypto exchange by herself. It's clear she was willing to ignore previous crypto investment scam warnings. And I've seen no persuasive evidence that this wasn't also the case at the time she wanted to make this payment towards the scam from her Monzo account.

Mrs C has added that the Consumer Duty sets out that Monzo must avoid causing foreseeable harm to her. But as I've already set out, I'm satisfied - on balance – that Mrs C was under the spell of the scammer at the time of the payment she made here. And that if Monzo had asked some probing questions, Mrs C wouldn't have given it accurate answers which would've persuaded Monzo that she was more than likely not being scammed. To be clear, just because Monzo didn't stop the payment that doesn't automatically mean Mrs C should have her money refunded.

And I don't think this is a case where I think there was anything substantive enough to mean that Monzo would have been justified in refusing Mrs C's payment instruction altogether and going against her wishes.

I've considered whether Monzo acted reasonably when it was made aware of the scam. Having done so, I'm satisfied Monzo didn't treat Mrs C unfairly by not attempting to retrieve her money from the crypto exchange because Mrs C has confirmed this was sent on to the scammers as per their instructions. Nor were there any other avenues that Monzo could've been successful in retrieving Mrs C's funds here.

I appreciate this will come as a disappointment to Mrs C, and I'm sorry to hear that she has been the victim of a cruel scam. I've considered her past medical history, but I can't take that into consideration here as Monzo weren't aware of these issues. As a result, I'm not persuaded that Monzo can fairly or reasonably be held liable for his loss in these circumstances.

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 Mrs C to accept or reject my decision before 26 December 2024.

Mark Dobson
Ombudsman