

The complaint

Mr S has complained Monzo Bank Ltd failed to sufficiently intervene causing him to fall victim to an authorised push payment (APP) scam or recover his funds after it occurred.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. In summary, Mr S fell victim to an investment scam. He began investing with, what he believed to be a credible cryptocurrency investment platform from February to March 2024. He discovered the investment platform from a social media friend, that he now believes to be a scammer.

Mr S says he was led to believe investing small amounts of money would lead to large returns, which was confirmed by social media screenshots of other investors' apparent successes. He completed some due diligence by searching online, finding a regulated company which he believed he was dealing with. However, he subsequently ascertained the scammer's company's registered name was slightly different and was therefore not the regulated firm.

As Mr S believed he had made profits from his investment he continued sending funds, via cryptocurrency exchanges that I shall call 'C', 'F', 'W', 'P' and 'K', even after he was informed he was being scammed.

The relevant transaction history from Mr S's Monzo account statements are as follows:

Transaction	Date	Type of Transaction	Amount
1	1 February 2024	Payment to C	£0.10
2	1 February 2024	Payment to C	£514.95
3	2 February 2024	Payment to C	£2,626.24
4	7 February 2024	Payment to C	£1,946.51
5	7 February 2024	Payment to C	£4,928.95
6	8 February 2024	Payment to C	£2,574.75
	9 February 2024	Credit from C	£0.10
7	9 February 2024	Payment to C	£7,580.06
8	9 February 2024	Payment to C	£1,802.32
9	9 February 2024	Payment to C	£2,317.28
10	12 February 2024	Payment to C	£10,877.80
11	14 February 2024	Payment to C	£5,458.47
12	14 February 2024	Payment to F	£1,000
13	21 March 2024	Payment to W	£500
14	21 March 2024	Payment to W	£2,000
15	21 March 2024	Payment to W	£2,000
16	21 March 2024	Payment to W	£1,000
17	22 March 2024	Payment to W	£2,150
18	23 March 2024	Payment to P	£2,000

19	23 March 2024	Payment to K	£50
20	24 March 2024	Payment to P	£20
21	24 March 2024	Payment to K	£20
22	25 March 2024	Payment to P	£5,000
23	28 March 2024	Credit from P	£86.83

Monzo refunded £29,035.93, which is calculated from the totals of payment 7 up to and including payment 12 where it believes it could have done more to prevent Mr S's loss. It subsequently offered 8% simple interest from the date of the payments to the date of the refund and £125 for its delay in reviewing the claim.

Our Investigator looked into things but didn't recommend Monzo pay any further funds to Mr S as he found the refunds of the payments, 8% interest and the £125 was fair and ultimately more than he would have awarded. As our Investigator couldn't resolve the matter informally, the case 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr S has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr S is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Mr S for his loss (or a proportion of it) if: I thought Monzo reasonably ought to have prevented all (or some of) the payments Mr S made, or Monzo hindered the recovery of the payments Mr S made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Monzo treated Mr S fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr S's complaint. I know this will come as a disappointment to Mr S and so I want to explain why I've reached the decision I have.

I have kept in mind that Mr S made the payments himself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr S did not intend for his money to ultimately go to fraudsters – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the 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 - Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the transactions should have highlighted to Monzo that Mr S might be at a heightened risk of financial harm due to fraud or a scam.

Monzo should have identified that these payments were going to cryptocurrency exchanges as the merchants are well-known. However, that doesn't mean they *all* should automatically be treated as suspicious; particularly when there are no other concerning factors about the payments. Many banks have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges. Albeit investing in cryptocurrency is a highly risky endeavour, it is ultimately a legitimate one and so certain banks and Electronic Money Institutions do permit transfers to cryptocurrency exchanges.

I've considered the payments in the context of whether they were unusual or uncharacteristic of how Mr S normally used his account. Having done so, the values of payments 1 to 4 were not remarkable enough to have caused Monzo any concern. These transactions didn't leave Mr S's account at particularly unusual balance levels and his account statements show he'd transferred similar amounts in previous transactions. I also do not consider enough of a pattern formed here to suggest Mr S might be at a heightened risk of financial harm due to fraud or a scam. The payments were not made in quick succession, were of fluctuating amounts and were spread out across a number of days. So, I'm not persuaded Monzo reasonably ought to have been concerned about these payments.

However, payment 5 was of a more significant value than those before and the second payment that day to a cryptocurrency exchange (totalling £7,503.70). As scams involving cryptocurrency, such as investment scams, were well-known in 2024 Monzo should have been monitoring Mr S's account for such a risk. This account activity ought to have put Monzo on notice that Mr S was potentially at risk of falling victim to a scam.

I agree with our Investigator that Monzo ought to have intervened at payment 5, by asking a series of questions to understand more about the payment, and then giving a tailored warning narrowed down to the specific type of scam Mr S could've been falling victim to. This type of scam was well-known and so Monzo should have been monitoring Mr S's account for such a risk. But I'm not persuaded such a scam warning would have prevented his loss.

I say this because Monzo did intervene on 15 February 2024, which led to a discussion with Mr S on 16 February, that did not stop him sending payments to the scammer. In this telephone call Monzo established that this investment had all the hallmarks of a cryptocurrency investment scam, which Mr S agreed with. Mr S was given scam education and he agreed he would cease contact with the scammer. However, Mr S subsequently

continued dialogue with the scammer and sent further funds anyway. It is evident from the chat transcripts that the scammer held a strong level of influence over Mr S, guiding him through the transfer process and reassuring him of the requirement to pay the different “fees”. No matter how dubious the situation seemed to be, such as the requirement for the investment profits to be paid in cash, the scammer was able to alleviate Mr S’s concerns. Therefore, I am not persuaded a written warning, which is a lesser intervention than a human intervention, would have stopped Mr S proceeding.

I also agree with our Investigator that as Mr S continued making payments, albeit to different cryptocurrency exchanges, Monzo should have intervened again. I would have expected such a proportionate intervention to be a written warning narrowed to the specific scam he was likely falling victim to. However, I’m not satisfied another written warning would have broken the scammer’s influence over Mr S. Especially as the prior human intervention didn’t break the scammer’s spell.

I’ve noted Mr S believes he only sent further funds because Monzo failed to update him in a timely manner, so he concluded the investment was not a scam. However, in the conversation history with Monzo on 21 March, the day Mr S decided to begin to send monies to the scammer again, he said: ‘I know I shouldn’t have fallen for the scam but any help would be great’. Therefore, although Monzo could have responded more quickly at times, I’m not satisfied this would have made a difference to Mr S’s decision to go ahead with additional payments. Monzo could have done no more than confirm what Mr S was already aware, that he had been scammed.

I’ve carefully considered Mr S’s point that if he had been informed by Monzo at an early stage that he could block merchants he would have done so. However, I’m not persuaded that had Mr S been made aware he could block merchants that this would have deterred him. He was clearly intent on making these payments, so even if he had blocked certain merchants, he could have, for example, unblocked them or opened an account with a new exchange. His statements show he used a variety of cryptocurrency exchanges to make these subsequent transfers, so had the means to open accounts as necessary. I do not think it likely such an extra step, which would not have been particularly time-consuming to overcome, would have prevented him.

Similarly, even if Monzo were able to block Mr S’s account from making cryptocurrency transactions after the scam was uncovered, which he believes should have happened, I am not persuaded this would have prevented his losses. As Mr S had recently been scammed, I would have expected him to approach requests for further funds with caution. This is especially so where the request comes from the same scammer. Instead, Mr S continued to send funds. This evidences that Mr S was intent on making these payments and would have found a means of paying the scammer in the hope of obtaining his “profits”.

I am sorry to hear about the mental health issues Mr S was suffering from at the time this scam occurred. The repercussions such a cruel scam has had on Mr S are not something I have overlooked when reaching my decision. I am empathetic towards Mr S, but I do not consider his mental health, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further intervention from Monzo. I’ve noted Mr S was open with Monzo and explained the mental and financial anxiety the scam caused. In response, Monzo completed some welfare checks, offering to send him links and resources that he may have found beneficial. However, overall I have not seen a pattern emerge that would have highlighted to Monzo any potential red flags, which should have led to an intervention, that Mr S’s mental health was impairing his decision-making during this scam.

I do not doubt Mr S continued making payments with the good intention of trying to secure the “profits” for his young family. However, this scammer clearly had an undue influence over him. Therefore, I am not persuaded that Monzo, even with any subsequent intervention(s), would have been able to prevent Mr S’s unfortunate losses.

Recovery

The payments that were made to the cryptocurrency providers were to wallets held in Mr S’s own name. It was only when Mr S sent that cryptocurrency to the fraudster’s wallet that the losses occurred. Monzo’s endeavours to recover the funds would only ever have been to do so from where they were originally sent, which was Mr S’s own wallet. If these funds had not already been transferred to the scammer, they would be in his control to access as and when he chose.

I also don’t consider that a chargeback, although attempted by Monzo, would have had any prospect of success. Ultimately, there’s no dispute that cryptocurrency was provided in exchange for the payments before they were sent to the scammer. So, Mr S received the service he paid for.

There was nothing further Monzo could have done here when attempting to reclaim Mr S’s lost funds.

Monzo’s offer

So, in light of all of the above findings, I will not be making any additional award to what Monzo has already refunded and subsequently offered to Mr S. I understand that it has already refunded the £29,035.93 but not the 8% simple interest or the £125 for its delay in reviewing the claim.

So, Monzo should pay Mr S the 8% simple interest from the date of the payments to the date of the refund and the £125 for its delay in reviewing the claim. I consider this to be a reasonable offer by Monzo Bank Ltd.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 18 April 2025.

Lawrence Keath
Ombudsman