

The complaint

Ms S is complaining that Monzo Bank Ltd didn't do enough to prevent her falling victim to two scams and hasn't reimbursed the payments she made to the scams.

The complaint is brought on her behalf by a professional representative.

What happened

Ms S says she fell victim to two cryptocurrency investment scams, between April 2022 and May 2022.

Ms S says she was introduced to both scams by close friends, who told her they'd withdrawn profits from the investment. Both scams followed a similar pattern of online seminars, a group chat which took place on a messaging app, and making payments to an online investment platform through a cryptocurrency exchange.

Ms S made payments totalling over £10,000 to the first scam, and over £6,000 to the second scam. She used her debit card to buy cryptocurrency and then transferred it to the scam platforms. All of the disputed payments from Monzo were made to the same cryptocurrency exchange.

Ms S contacted Monzo to tell them she'd been scammed, but Monzo didn't agree to refund the disputed payments. Ms S then complained to Monzo, and to us, through her representative.

Our investigator didn't uphold Ms S's complaint. She said, in summary, that she didn't think Monzo needed to intervene as the payments didn't look out of character, and even if it had, she didn't think that would have made a difference to the outcome. She also pointed out that Ms S hadn't provided any substantive evidence to link her to the scams she'd described.

Ms S representative replied to say, in summary, that they thought Monzo should have intervened with an effective scam warning and that would have prevented Ms S from making the payments. They also explained that Ms S had experienced some events which made her vulnerable to the type of scams she had described, so Monzo ought to have taken additional steps to protect her from the scam.

Ms S's complaint has now been passed to me for review and 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 Ms S, but I'm not upholding her complaint - for broadly the same reasons as the investigator.

The starting point under the relevant regulations (the Payment Services Regulations 2017)

and the terms of Ms S's account is that she's liable for payments she's authorised. And as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, banks generally have a contractual duty to make payments in compliance with the customer's instructions.

However, taking into account the relevant law, regulations, industry guidance, and best practice, Monzo ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Sometimes, that will mean stopping a payment so that the customer can be questioned directly about it.

The obligations I've outlined above are, however, predicated on there having been a fraud or scam. If Ms S hasn't suffered a loss to a scam, Monzo had no obligation to prevent her from making the payments. And I should explain, initially, that although Ms S has described falling victim to two scams, she's not been able to show us any other evidence that she has suffered losses to the scams she says she was involved in. She has provided some statements showing withdrawals from her account with the cryptocurrency exchange, but these don't show that the funds were subsequently sent on to a scam. She's described receiving some documents from the scammer, but I can't see that these have been sent to us.

I appreciate that Ms S has said she can't supply anything else because the scam platform has been closed down, but generally I would expect to see some more evidence to link the disputed payments to a scam, before considering if Monzo should have done anything else to intervene in the payments.

However, I don't think this makes a difference to the outcome of Ms S's complaint because, like the investigator, I don't think Monzo ought reasonably to have identified the payments as suspicious or out of character, such that it ought to have intervened. And even if it had intervened, I'm not persuaded that this would have prevented the payments. I'll explain why.

Monzo didn't identify that Ms S might be at risk of financial harm from a scam when she made the disputed payments. So, I need to decide if the transactions were concerning enough that I would have expected Monzo to have had a closer look at the circumstances surrounding them. But I also need to keep in mind that banks such as Monzo process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Ms S had held an account with Monzo for some time before she began to make payments to the first scam – so Monzo did have some account history it could use to decide if the payments she made to the scams were suspicious or out of character.

Ms S's representative says that she had made the occasional nominal and experimental transactions to cryptocurrency prior to the disputed payments, but she was not an experienced investor. However, on reviewing Ms S's statements I can see that over roughly a two-month period between October 2021 and December 2021 she made over 20 payments to various cryptocurrency exchanges (including to the one she also sent the disputed payments to.) These payments ranged in value, up to around £2,995. She had previously made four payments on the same day, to the same cryptocurrency exchange as she sent the scam payments to, totalling nearly £1,700. She also made a number of fairly substantial payments to a share trading platform, of a value of up to £5,000. So, I think it's reasonable to say that Ms S had a history of using her Monzo account for investment purposes, including to cryptocurrency.

And in this context, I can't conclude that the payments to the scams would have looked particularly unusual or out of character to Monzo. The highest value payment made to the scam was £2,000 – but Ms S had previously made a payment of greater value to a cryptocurrency exchange, which was genuine. The scam payments were made over a five-week period and although there was a slight escalation in frequency, I still wouldn't have expected that to have caused Monzo concern, taking into account the payments Ms S had previously made to cryptocurrency exchanges. In her view the investigator identified a declined payment, but I'm satisfied that wasn't due to a scam intervention.

Overall, I don't think Monzo ought to have intervened here. But for completeness, I would add that had it intervened, I agree with the investigator that on balance, it's not likely to have prevented Ms S from making any further payments. Ms S says she was introduced to the scams by close friends that she trusted, one of whom had provided her with direct evidence they'd withdrawn profits from the scam, and as such, I'm not persuaded that any intervention from Monzo would have broken the spell of the scammers here – especially as Ms S's own experience of falling victim to the first scam didn't prevent her from falling victim to a second, very similar scam, very shortly afterwards.

I'm sorry to learn of Ms S's vulnerabilities as a result of some very difficult experiences, and thank her for sharing the information with us. But I've not seen anything to show that Monzo was aware, or ought to have been aware, of these at the time of the disputed payments, and I'm not persuaded it should reasonably have done anything differently.

I've thought about whether Monzo could have attempted to recover the funds when Ms S reported the scams, but the payments were made to a cryptocurrency exchange and Ms S received the cryptocurrency she paid for, so there was no real prospect of successful recovery here.

My final decision

My final decision is that I'm not upholding Ms S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 31 March 2025.

Helen Sutcliffe
Ombudsman