DRN-5048036

The complaint

Miss B complains that Monzo Bank Ltd ('Monzo') won't refund her the money she lost after she fell victim to an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In December 2023, Miss B met somebody, who I'll refer to as 'J'/'the fraudster', through an online dating site. They communicated via messaging apps and voice calls and Miss B believed J was genuine and that they were developing a relationship.

After communicating for a few weeks, J told Miss B that they were a professional trader and suggested that she should invest in cryptocurrency, offering her financial help and telling her that they would refund any losses to her. J helped Miss B create what she believed to be a genuine trading account. But unknown to her at the time, she was dealing with a fraudster.

As part of the scam, as well as using accounts she already held, Miss B was instructed by the fraudsters to open multiple accounts, with other payment service providers (including opening a Monzo account), as well as with cryptocurrency platforms.

Believing everything to be genuine, Miss B decided to invest and between 5 January 2024 and 11 January 2024 made a number of payments from the account she held with Monzo, totalling just over £10,000, to an account she had set up with a cryptocurrency platform. Our Investigator has laid these payments out in detail in their view, so I don't intend to list them all again here. Having exchanged the money into cryptocurrency, Miss B would subsequently move the money on again from there, with it ultimately ending up in accounts that the fraudster controlled.

Miss B has said she realised she'd been scammed, when she was repeatedly asked to pay fees, charges and taxes, when she was attempting to withdraw her money.

Miss B raised the matter with Monzo, but it didn't uphold her complaint. Unhappy with Monzo's response, Miss B brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, while our Investigator thought, due to the activity on the account, that there came a point where Monzo ought to have intervened and provided Miss B with a warning, it was our Investigator's view that a warning wouldn't have made a difference and Miss B would have still gone ahead with the payments.

Miss B didn't agree with our Investigator's view. As agreement couldn't be reached, the complaint 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.

Miss B has provided detailed submissions to this service in support of her arguments and in response to our Investigator's view – I thank her for this. I'm very 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 focussed 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 haven't. 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'm mindful that, in her submissions to this service, Miss B has also mentioned actions that other banking providers take to protect their customers. However, it's important to note that bank's fraud detection systems do differ and I am not able to compare the actions of different banks here. I say that as the reasons why a bank's systems trigger will depend on the specific underlying circumstances surrounding a particular payment. And those circumstances are likely to be different for each payment even if, on the face of it, they appear to be very similar.

Having thought about everything carefully, I agree with our Investigator, and I don't think Monzo is responsible for refunding the money Miss B sadly lost. I'm sorry to hear that Miss B has been the victim of a cruel scam. I don't underestimate her strength of feeling, and I know this will come as a disappointment to her, so I'll explain why.

Monzo had agreed to follow the principles of the Lending Standards Board's Contingent Reimbursement Model (CRM Code). Under certain circumstances, this CRM Code can require that firms reimburse customers who have fallen victim to scams. However, the CRM Code only applies to faster payments made directly to another person's account. So, it doesn't apply to the payments Miss B made, as she made payments directly to a cryptocurrency wallet she held. That means the CRM Code isn't an applicable consideration in this case.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Here, it is not in dispute that Miss B authorised the payments in question, so that means she is liable for them, even though she was the victim of a scam.

However, that is not the end of the story. The regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams.

So, in this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss B when it processed the payments, or whether it should have done more than it did.

In doing so, I'm mindful that firms, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests. I'm also mindful here that Miss B's Monzo account was newly opened. What this means is that

Monzo would have had no historical account activity, upon which to compare the transactions that were being made as part of this scam.

However, I've seen here that the payments Miss B made from her Monzo account did increase in frequency and also included payments that were identifiably going to a cryptocurrency provider, which can sometimes, but not always, be indicative of fraud. So, I think there did come a point where I would have reasonably expected Monzo to have established some further detail around the payments Miss B was making.

But this in and of itself, isn't enough for me to say that Monzo should refund Miss B the money she lost. Although I think Monzo could have done more than it did, I also need to be persuaded that its intervention would have made a difference and prevented the payments from being made. Of course I can't know for sure what would have happened, had Monzo intervened, so I have to base my findings on the balance of probabilities – that is, what I think is more likely than not to have happened, taking into account what I know.

A proportionate response in such circumstances would have been for Monzo to carry out some sort of intervention to establish further details surrounding the payments, and to then provide a tailored warning, through its automated functions, based on any apparent risk that may present itself.

Miss B has told us, and the evidence I've seen, shows that she had been subject to social engineering and was being coached extensively by the scammer. This coaching included how she should answer questions posed about the payments she was making and speaking with the fraudster while making some of the payments. So, even if Monzo had done more, and had tried to establish more details around the payments, before issuing a warning, I think it's more likely than not Miss B would've reverted to the fraudster on how to answer any questions.

The weight of evidence here suggests that Miss B was trusting of what the fraudster was telling her and most likely would have been prepared to follow the fraudsters instructions to unwittingly foil Monzo's attempt to identify the purpose of the payment(s). I'm persuaded it's also more likely than not that, under the guidance of the fraudster, she would have moved passed any warnings that I think Monzo could proportionately have given, as she had done with payments she'd made from other accounts she held.

I would add that in doing so, I do not suggest that Miss B would have intended to be maliciously disingenuous with Monzo – rather I think the evidence suggests the relationship and trust she had built with the fraudster, would have led her to follow their advice and instructions.

Overall, with all things considered and given the circumstances, I don't think Monzo can fairly be held responsible for Miss B's loss, and I don't think, in the individual circumstances of this case, it would likely have been able to prevent Miss B from making these payments.

I've thought about whether Monzo could have recovered any of the funds Miss B lost when it was made aware of the scam. But given the funds had been exchanged into cryptocurrency and then been moved onto accounts controlled by the fraudsters, I don't think Monzo would have been able to recover any funds. It follows that I don't think it missed an opportunity to recover the money Miss B sadly lost.

I'm mindful that Miss B has said she was vulnerable at the time the payments were made. I recognise that Miss B has fallen victim to a scam and of the difficult personal circumstances that she had been faced with. But I haven't seen anything to suggest that Monzo were made aware of any vulnerability factors or ought to have identified them, such that it should have known to take additional steps to protect Miss B.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Miss B. It's very unfortunate Miss B has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for her. But in the circumstances, having carefully considered everything, I don't find Monzo could have reasonably prevented Miss B's loss here. Neither do I find there were any other failings on Monzo's part that would lead me to uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 September 2025.

Stephen Wise
Ombudsman