

## The complaint

Mr B has complained that Monzo Bank Ltd (“Monzo”) failed to protect him from falling victim to a cryptocurrency-related investment scam.

## What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr B has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr B, but I’d like to reassure Mr B and his representative that I’ve considered everything both parties have said.

I recognise Mr B has made complaints about different financial businesses in connection to the same scam. In this decision I’ll only comment on the allegations against Monzo. We’ll address Mr B’s concerns about the other businesses separately.

Mr B has explained that around May 2024 he was introduced to an investment opportunity in an online advertisement. Mr B says he was convinced by the advert as it appeared to be endorsed by two celebrities, so he expressed an interest, and he was then contacted by an individual (“the scammer”) claiming to be an account manager. He was given access to an investment platform, which the scammer explained to him, and he was told he’d invest by exchanging pounds for cryptocurrency, which he’d then forward on to the scammer, allegedly to fund his investment. He’s described the investment platform as highly professional and he says his interactions with the scammer were of a particularly high standard, so he was convinced that it was a legitimate company and investment. As a result he says he started by investing \$200.

The payments Mr B made as part of the scam were as follows:

Date	Amount
03/06/2024	£2,500
05/06/2024	£7,500
07/06/2024	£5,549
<b>Total</b>	<b>£15,549</b>

Mr B says he realised he’d been scammed when he received several requests to pay fees, and a £5,000 insurance payment, which he refused to pay.

Mr B made a complaint to Monzo in which he said it missed an opportunity to intervene before the payments were made – so all Monzo knew was that the payments were being made to a cryptocurrency exchange. He said that he should’ve been made aware of the associated risks using probing and effective questions, and had it done so, the scam could’ve been avoided. Monzo didn’t respond to Mr B’s complaint before he referred it to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained that Mr B hadn't given Monzo accurate information when it asked him about the payments, so Monzo wasn't able to uncover the scam. She also noted that Mr B's other banks had also given him warnings in relation to the same scam, and Mr B hadn't been honest with those banks when they'd questioned him. So she didn't think Mr B would've given Monzo honest answers if it had intervened further and asked him for further details surrounding the payments he was making.

As Mr B didn't accept the investigator's opinion, the case has been passed to me to make 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 Mr B but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr B authorised these payments from leaving his account. It's accepted by all parties that Mr B gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mr B's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Considering everything I know about the payments in this scam, I think Monzo ought to have been concerned about the second and third payments. I say this because they were relatively high in value, as well as being made to an identifiable cryptocurrency platform. Dealing in cryptocurrency is well-known to be a high-risk activity so I think Monzo ought to have stepped in to ensure Mr B wasn't at risk of harm.

Monzo says that on 30 May 2024 it blocked a payment from being made, as part of its account monitoring processes, as it identified that there was a high risk the payment was fraudulent. It told Mr B using its in-app chat that it was concerned he was falling victim to a cryptocurrency scam, and it told him it'd need to speak to him on the phone before the payment could be released.

I've listened to the call that took place on 30 May 2024 and I note that Monzo clarifies Mr B's trying to make a £2,000 payment for cryptocurrency. Mr B confirms this is being made to his own cryptocurrency wallet, and Monzo says it needs to ask some questions about the payment before it's released. It starts by asking how long Mr B has been involved in cryptocurrency, and why he'd started using Monzo to make cryptocurrency payments from his previous bank. There are some further questions probing Mr B's level of knowledge, the research he'd done, and the reasons for him being involved with cryptocurrency. He explains he's unsure why he's being questioned, and Monzo explains there are a lot of cryptocurrency scams taking place at the moment, and it wants to make sure its customers understand the risk landscape in relation to cryptocurrency.

Monzo then asks Mr B if anyone has contacted him relating to this investment, or whether he's taken advice from an investor or broker, or whether anyone had contacted him claiming

to work for a bank or any other organisation. Mr B confirms nobody has contacted him, he hasn't taken advice, and he hadn't spoken to anyone claiming to work for an organisation.

Finally, Monzo confirms that if this is a scam it's unlikely it'd be able to recover Mr B's funds, as it had done all it could to protect him. It finally asks Mr B to provide a transaction history of his cryptocurrency wallet and there's some discussion of the process and the call is ended, on the understanding that Monzo would send Mr B a message within 15 minutes and he could then attempt to make the payment again. Mr B then attempted to make a payment of £2,500 a couple of days later, which Monzo blocked.

It sent Mr B an in-app message to let him know it was concerned, and that it would need to speak to him on the phone again. Monzo then attempted to call Mr B several times, unsuccessfully, and each time it attempted it sent him a chat message, and several detailed warnings about cryptocurrency scams. Monzo managed to speak to Mr B on 5 June 2024, and I've also listened to a recording of that call.

In this call Mr B is firstly asked some general security questions, including whether he's on another call with anyone else, or whether anyone can hear the call taking place, which Mr B confirms they can't. Monzo confirms the call is in relation to the £2,500 payment he'd attempted to make, and reiterates that cryptocurrency transactions are high risk, and that cryptocurrency isn't regulated, plus the fact that there's around £160 million stolen each year through cryptocurrency scams.

Monzo firstly explains that it isn't concerned about Mr B's ownership of the cryptocurrency itself, or his accounts. But it instead explains that it's concerned about the activity that could be happening, whereby he could be being guided to send the cryptocurrency from his own cryptocurrency wallet to a scammer's wallet, in an unregulated environment. Monzo makes it clear it knows that Mr B is doing "all the right things" but its algorithm sometimes still flags transactions such as this one, and the agent also explains he'd just spoken to a customer whose situation was almost identical to Mr B's, which ultimately turned out to be fraudulent.

Monzo then asks Mr B about a comment he'd previously made about having friends who are also using the same cryptocurrency platforms as him. It advises Mr B to exercise caution when taking information from someone else, no matter how much he trusts them, to ensure what he's told is verified.

The call moves on to verification of the payment itself, which Mr B confirms. Mr B highlights that he's already made a payment to this recipient which went unchallenged, so he's puzzled as to why this one had been stopped. Monzo explains there are many variables between payments, and although the agent explains he doesn't know exactly how the algorithm works, he gives some examples of what could cause a payment to be flagged as suspicious.

The call goes on where the agent explains, at length, more information about the cryptocurrency landscape and the difference between the various cryptocurrency platforms Mr B is using. He then explains it'll take about 15 minutes and he'll send Mr B a message in the in-app chat when the account is unblocked, and he can then reattempt to send the payment again at that point. Following this, Mr B sent a payment of £7,500 to the cryptocurrency platform he'd initially attempted to pay.

Having considered everything here, I do think Monzo could've been more robust in its questioning, particularly during the second call. Whilst Mr B had clearly been frustrated by the account blocks, and the Monzo agent was likely trying to offer a friendly and reassuring level of service, there were opportunities to ask more direct and probing questions.

But even if Monzo had done this, I don't think it would've made a difference in this case. Despite Monzo sending Mr B several warning messages about cryptocurrency, and giving examples of cryptocurrency scams during the calls that closely resembled the scam Mr B was falling victim to, some of the answers Mr B gave to Monzo weren't entirely true – such as the fact that he said he hadn't been contacted by anyone asking him to make the payments, and the fact that he hadn't been dealing with anybody else claiming to be from another organisation. In addition, some of Mr B's answers were fairly evasive – and in light of the concern Monzo had shown, I'm persuaded that if he was willing to divulge the true facts behind what was going on, he had ample opportunity to do so, but he chose not to.

Although it doesn't appear that Monzo intervened before Mr B sent the final payment of £5,549, for the reasons I've set out above, I don't think this makes a difference in this case. No matter how Monzo had intervened – or how robustly it had questioned Mr B – I don't think Mr B would've revealed different, or any more information, than he had previously. So I don't hold Monzo at fault not being successful in uncovering the scam which ultimately led to the complaint that has now been made.

I must also keep in mind the wider circumstances of this scam, namely the fact that Mr B also made payments for cryptocurrency as part of this scam from at least two other banks. Whilst Monzo intervened in the way I've described in this decision, one of the other banks also intervened before these payments were made, providing robust warnings and real-life examples of scams similar to this one, but Mr B still chose to proceed. With this in mind I'm satisfied that no matter how much further – or how well – Monzo had intervened, Mr B would've shown the same determination to make the payments, and the scam wouldn't have been uncovered.

### Recovery of the funds

I can see that when Mr B reported to Monzo he'd been scammed, Monzo contacted the recipient's bank in order to attempt to recover any remaining funds. Monzo was advised that no funds remained in the receiving account. It's likely this is because Mr B had effectively spent the funds by converting the pounds into cryptocurrency, which he'd unfortunately forwarded on to the scammer's cryptocurrency wallet. Whilst this is disappointing, Monzo did what I'd have expected it to do here.

I'm very sorry that Mr B has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Monzo responsible for that.

### **My final decision**

I don't uphold Mr B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 December 2024.

Sam Wade  
**Ombudsman**