

## **The complaint**

Miss R complains that Monzo Bank Ltd has not refunded money that she lost to an investment scam.

## **What happened**

Miss R was added to a chat group which appeared to be for people investing in cryptocurrency. Initially, Miss R was not interested, but some months later changes in her personal circumstances meant that earning additional money was a priority for her, so she had another look at the chat group.

Her understanding was that an employee of a well-known financial institution was in charge of the group, and was providing cryptocurrency trading tips to its members. Members of the group were sharing details of the profits they'd made, and Miss R reached out to some of these individuals to check that the investment opportunity (and their profits) was real. Satisfied that this was a good opportunity, Miss R made contact with the group's leader, and decided to invest. Unfortunately, and unknown to Miss R, none of the people she had contacted from the chat group appear to have been legitimate, she was dealing with scammers.

The first payment Miss R attempted to the scam was from her main bank account provider, which I'll call S – this payment was stopped, and Miss R discussed the payment with S. At that time she decided to cancel the payment and do some further investigation of the investment. But, believing that the opportunity was legitimate, she went on to make two successful payments to the scam from her account with S. As the scammers put increasing pressure on her to invest, Miss R then went on to make further payments to the scam from an account with another bank – H – before making two final payments to the scam from her Monzo account on the 5<sup>th</sup> and 8<sup>th</sup> of January 2024. These payments were for £1,504 and £2,000 respectively.

When Miss R tried to withdraw her profits from the scheme, and was unable to, she made direct contact with the person she believed was behind the chat group. He told Miss R that someone had been impersonating him, he had no involvement with the group, it was a scam.

Miss R contacted S, H and Monzo to explain what had happened. H refunded the payments Miss R had made from her account with them, but Monzo and S declined to refund any of her loss. Monzo says that it provided appropriate warnings regarding the two payments made, and that it was obliged to process the payments as directed by Miss R.

Miss R was unhappy with Monzo's response, so she referred her complaint to our service. One of our Investigators looked into what had happened, and they felt that Monzo could have done more to protect Miss R. Specifically, they said that while Monzo had provided Miss R with a written warning regarding the first payment she made, this warning was not relevant to the scam she was falling victim to. The Investigator considered that, by the time of the second payment to the scam, Monzo should have done more to narrow down the particular scam Miss R was at risk of and that, had it done so and provided a relevant

warning, it was likely Miss R would not have continued with the payments to the scam. They also did not consider that Miss R should share any responsibility for her loss.

Monzo has not responded in any detail to our Investigator's opinion, so this case has been passed to me for 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 satisfied Miss R authorised the payments that are in dispute, so as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Miss R is responsible for them. That remains the case even though Miss R was the unfortunate victim of a scam.

Because of this, Miss R is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also 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 victims to scams.

Taking the above into consideration, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss R, or whether it should have done more than it did.

Miss R rarely used her Monzo account, the only previous payment out of the account was for £24.99. The first payment Miss R made to the scam was for £1,504, and while this is a large amount in the context of Miss R's Monzo account usage, and was identifiably to a cryptocurrency provider (and so potentially a more risky payment) it's not what I would consider to be particularly large given the payments Monzo would see every day. And it is not unusual for account holders to make one off payments for larger amounts. So I'm satisfied that Monzo did not need to intervene in this payment before allowing it to be made.

But the next payment, which was for more than the first, I think should have triggered some intervention from Monzo. By this stage Miss S had made two large payments within two days to a new payee associated with cryptocurrency, and I think this should have caused Monzo concern. In my view, a reasonable intervention at this stage would have been for Monzo to take steps to narrow down the reasons for this payment so that it could provide Miss R with a relevant warning about what she was doing. I acknowledge that Monzo had provided Miss R with a written warning about the previous payment, but this warning was not relevant to the scam Miss R was falling victim to.

Had Monzo asked Miss R to answer some questions to narrow down the reasons for the second payment I can see nothing to suggest that she would not have been honest about what she was doing. And this could, and should, have led to Monzo being able to provide a detailed and relevant warning relating to cryptocurrency scams. I'm satisfied that such a warning would have more than likely stopped Miss R from continuing with the payment.

I've gone on to consider whether Miss R should reasonably bear some responsibility for her losses as a result of any contributory negligence in her actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Miss R has acted as a reasonable person would to protect herself against the loss she suffered. The test is objective but needs to take account of the relevant

circumstances. In doing so, I've taken on board Miss R's personal circumstances at the time the scam took place.

Shortly before deciding to invest in this scheme, Miss R's mother had been diagnosed with a potentially life limiting illness. In addition, Miss R was relatively young at the time of the scam, she was also studying and working while trying to support her mother. So, overall, her ability to make a fully rational assessment of the legitimacy of this 'investment' was diminished at the time of the scam. Miss R has told us that she nonetheless did take steps to check that what she was doing was safe. She reached out to others who she thought were investing in the same scheme, looked up information about the trader she thought was providing the tips (who appeared to work for a legitimate financial institution) and spoke with a friend about what she was doing. She also appears to have been able to see her investment on what looked – to her at least – like a professional trading platform. On balance, considering Miss R's age, situation at the time and the research she nonetheless carried out, I don't think she can be considered negligent in this particular case, so I don't recommend a reduction in the redress.

In summary, I consider that Monzo did miss a chance to protect Miss R from this scam at the time of her second payment from her Monzo account, and that Miss R should not also share responsibility for that loss. It follows that Monzo should therefore reimburse her for her loss from the second payment.

### **Putting things right**

To resolve this complaint Monzo should:

- Pay Miss R £2,000, representing a refund of her loss from the second payment made to the scam from her Monzo account.
- Pay 8% simple interest per annum on that amount from the date of the payment to the date of settlement.

### **My final decision**

I uphold this complaint. Monzo Bank Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 7 November 2024.

Sophie Mitchell  
**Ombudsman**