DRN-5078324

The complaint

Mr L complains Monzo Bank Ltd won't refund the money he lost when he fell victim to a scam.

What happened

Around June 2023, Mr L started speaking to someone I'll refer to as "H" on a dating app. Speaking over several months, H led Mr L to believe they were in a relationship and introduced him to an alleged investment opportunity. Unfortunately, this was a scam.

H persuaded Mr L to set up an account with a genuine cryptocurrency exchange ("C"), to buy cryptocurrency to send on to the scam – thinking it was being genuinely invested. After sending or attempting to send payments from his existing account, Mr L set up an account with Monzo. After making a small initial payment of £1 to C in August 2023, he received a credit from them of £70 – which I understand were alleged returns from the investment.

In October 2023, Mr L used his Monzo account to send around £5,500 to the scam (via C). This was sent over a period of a few days, via payments in the region of £1,000-£2,500. But when he kept being asked to pay more to access his funds, he realised he had been scammed. He notified Monzo, asking for help. It ultimately paid him £105 compensation for service issues (such as delays) looking into the scam report and complaint – but didn't agree to refund him.

Unhappy with this response, Mr L referred the matter to our service (via a professional representative). Our investigator didn't uphold his complaint. They originally said Monzo didn't have cause to be suspicious of the payments at the time; and couldn't have recovered the funds. The investigator also thought the compensation paid for the service was fair.

Mr L appealed the investigator's outcome. His representative argued Monzo had frozen his account when he attempted a payment to C (for around £2,000), providing an opportunity for it to find out more about what he was doing and warn him about the scam risk.

Our investigator considered this argument. But, based on Mr L's contact with the scammers, he concluded that further interventions or warnings by Monzo wouldn't have succeeded in uncovering the scam – noting he appeared to have been coached by the scammers into misleading another account provider about payments made or attempted in connection to the scam. Mr L's representative says its position remains unchanged, so the case has been passed to me to decide.

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.

Having done so, I've decided not to uphold it. I appreciate this will be disappointing for Mr L, who has clearly fallen victim to a cruel and sophisticated scam. But having carefully considered all the circumstances, for the reasons set out below, I'm not persuaded Monzo made any failings which caused or contributed to his loss.

It isn't in dispute that Mr L authorised the payments in question. He is therefore presumed liable for the loss in the first instance; under the relevant regulations (the Payment Services Regulations 2017), firms are expected to execute authorised payment instructions without undue delay.

However, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, I'd expect Monzo to be on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances

I agree with the investigator that there were a number of factors minimising how risky the scam payments looked. Mr L had told Monzo when opening the account that he intended to use it for cryptocurrency – so the scam payments weren't unexpected. They were also reasonably spread out, the values didn't look suspiciously high, and they were being sent directly to a legitimate cryptocurrency exchange.

That said, as Mr L's representative has pointed out, one payment was flagged as a potential risk. It seems Monzo allowed it to proceed after reviewing it and deeming it not a risk – after Mr L provided further information on the source of the funds. I do think this was arguably as a missed opportunity by Monzo to find out more about what Mr L was doing, and/or warn him of the potential scam risk, given it had already held up the payment.

However, even if Monzo had taken this action, I'm not persuaded it's likely this would have uncovered the scam at this point. It's clear Mr L was very taken in by the scam. The scammers used social engineering to build up trust over time, leading Mr L to believe he was in a relationship with H – who he thought could vouch for the investment.

Mr L's contact with the scammers also shows he was being coached by H on what to tell firms who blocked or questioned him about payments to the scam. For example, being told that UK banks don't like customers moving their money elsewhere to invest and to "be tough" with them about lifting blocks. I can see another account provider spoke to Mr L about payments to C and had concerns he was being scammed. But he wasn't dissuaded – and also appears to have provided a cover story to to minimise the apparent scam risk (including claiming H, who he hadn't met in person, was living with him).

Given this, I consider it unlikely that further proportionate intervention from Monzo would have succeeded in uncovering the scam. I think Mr L would likely have sought guidance from H on how to respond to any questioning – and wouldn't have been dissuaded by scam warnings.

As the payments were all sent by card to C, a legitimate cryptocurrency exchange who Mr L set up an account with, Monzo also couldn't have recovered the loss when he reported the scam. All the payments had already been authorised, so Monzo couldn't have blocked them. And there wouldn't have been grounds to successfully recover the payments through the chargeback scheme – as that would only consider a dispute about C as the merchant paid. Whereas Mr L's loss was instead incurred due to the actions of the scammers.

Mr L’s representative has also said Monzo should compensate him for the service it provided. While I can see Monzo responded empathetically to what Mr L told it about his circumstances and the impact of the scam, it took a long time to respond to his scam report – and also failed to call him back. This undoubtedly caused him distress and inconvenience at an already difficult time.

Monzo has paid Mr L a total of £105 compensation for its service failings. I’m satisfied that is a fair level of compensation for the impact they had on Mr L. That is bearing in mind that, for the reasons I’ve set out above, I think Monzo’s ultimate decision to decline Mr L’s fraud claim was fair; it was ultimately the cruel actions of the scammer, rather than any failings by Monzo, which have caused Mr L considerable upset. I’m therefore not directing Monzo to pay any further compensation to resolve this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 23 September 2025.

Rachel Loughlin
Ombudsman