

The complaint

Mrs K complains that Monzo Bank Ltd ('Monzo') won't reimburse her £7,860 that she lost when she fell victim to a cryptocurrency investment scam.

What happened

In July 2023 Mrs K came across an ad for cryptocurrency trading her friend had posted on social media. Mrs K reached out to her friend who passed her onto a third party who claimed to work for an investment company T.

Mrs K proceeded to make payments towards T which were facilitated through purchases of crypto assets she made with a legitimate cryptocurrency exchange.

Mrs K only realised she'd been scammed after her friend alerted her to the fact her social media account was hacked. By this time Mrs K had already made payments totalling £7,860 and she was being asked by the scammers to pay fees to withdraw her alleged profits. I'll be referring to this in my decision as scam 1.

Following this, Mrs K sought to recoup her losses by finding employment online. Unfortunately, this also turned out to be a scam. I'll be referring to this in my decision as scam 2.

Mrs K initially contacted Monzo about her losses to scam 2 and her claim was declined. She later raised a complaint with Monzo through her professional representative who also brought Monzo's attention to scam 1.

Following a review and in light of information presented to it by Mrs K's professional representative regarding her personal circumstances and vulnerabilities, Monzo reimbursed all of Mrs K's losses to scam 2. It did so under the provisions of the Contingent Reimbursement Model (CRM) Code. It made a direct credit to Mrs K's account totalling £2,314.

However, Monzo declined to provide a refund of her losses to scam 1. It said that the payments from Mrs K's Monzo account were not the scam payments, rather it was the onwards transfer of crypto assets from her account with the cryptocurrency exchange where the loss occurred and therefore it couldn't be held liable. Following this, Mrs K's complaint was brought to this service.

In providing its business file to this service, Monzo explained that it stood by its decision in relation to scam 1. And although it had already provided a refund in relation to scam 2 under the CRM Code, it was offering 8% simple interest from the date the claim was denied.

Our investigator initially didn't uphold Mrs K's complaint. She said that no evidence had been provided in relation to the losses to scam 1 or that a scam had occurred. And she considered that scam 2 had since been resolved.

Mrs K's professional representatives disagreed advising they'd never been asked to provide evidence previously. Our investigator considered the scam evidence subsequently provided. And in doing so upheld Mrs K's complaint in part in relation to scam 1. She was persuaded that by the final disputed transaction, Monzo ought to have been concerned that Mrs K might have been at risk of being scammed and should have intervened. She was satisfied had Monzo done so, Mrs K's further losses would've been prevented. But our investigator also considered Mrs K ought to share liability for her loss as she wasn't satisfied sufficient due diligence was carried out before making the payments. To put things right, she said Monzo should refund 50% of the final disputed transaction plus interest. Both Monzo and Mrs K's professional representatives disagreed.

Monzo said they should not be liable for losses that happen from other accounts belonging to Mrs K.

Mrs K's professional representatives said the disputed transactions lost to scam 1 were first time cryptocurrency related spends and maintain therefore that Monzo ought to have been concerned from the first disputed transaction. As such they requested the case be passed to an Ombudsman 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.

And I will respond to each scam in isolation below. Having done so, I'm upholding Mrs K's complaint for largely the same reasons set out by our investigator. I'll explain why.

Scam 1

It isn't in dispute that Mrs K authorised the transactions in question. She is therefore presumed liable for the loss in the first instance. However, Monzo is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I've also considered Mrs K's representative's argument that Monzo ought to have intervened from the very first disputed transaction because these were first time cryptocurrency related spends. Firms like Monzo need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions. I'm not satisfied that just because the disputed transactions were first time spends to cryptocurrency merchants meant that Monzo ought to have been concerned Mrs K might be falling victim to a scam and taken action. There are many other factors Monzo will be taking into account when deciding whether Mrs K's activity was unusual or out of character. The initial disputed transactions were very much in keeping with Mrs K's prior account activity as far as the payment values were concerned. Furthermore, the payments took place over a number of days.

But I'm in agreement with our investigator that by the final disputed transaction lost to scam 1, Monzo ought to have been concerned about Mrs K's activity and should have intervened. At that stage the payments had been increasing in value and frequency. And she was seeking to make a second payment on 26 July 2023 bringing her total payments to a cryptocurrency merchant to £4,800.

Although Monzo has said it had no reason to intervene as the payments were first sent to Mrs K's own account (with a legitimate company), I'm satisfied that, by the time of her payments, it ought to have had a good understanding of how these scams take place, including the potential of 'multi-stage' fraud where funds are moved through one or more accounts in the customer's name before being sent to a scammer.

I think a proportionate response to the risk this payment presented would have been for Monzo to engage directly with Mrs K about what she was doing and questioned her about her activity. I think it's likely she would have been honest about what they were for and how she had come across the investment opportunity. So Monzo would have likely discovered Mrs K had come across an ad for cryptocurrency trading her friend had posted on social media before she was put in touch directly with the alleged investment company. This is not how companies normally operate, and it has all the hallmarks of a cryptocurrency scam. I consider there would have been reasonable grounds for suspicion here. And Monzo would have been able to clearly identify the significant risk these payments were part of a scam and could have made this clear to Mrs K. I consider it likely Mrs K would have acted on any such warning from her bank.

As a result, I believe Monzo should refund the final disputed transaction of £2,000 lost to scam 1.

I've also thought about whether Mrs K did enough to protect herself from the scam, and, having thought carefully about this, I don't think she did. I understand that it was only when Mrs K was unable to withdraw her profits and was contacted by her friend that advised their social media account had been hacked, she realised it was all a scam. It's unclear what if any due diligence Mrs K carried out in relation to this alleged investment opportunity – beyond trusting that the original social media post had been made by her friend and trusting what the scam company was telling her. Our investigator pointed out they were unable to identify anything about the legitimacy of the company through backdated online searches. Having conducted these searches myself, I too have encountered the same results. And in conducting a current online search reflects just as little. Had Mrs K carried out her due diligence at the time, I'm satisfied the absence of an online presence from the alleged investment opportunity ought to have alerted her to concerns about its legitimacy. Because of this, I think it would be fair and reasonable to make a 50% reduction in the award based on contributory negligence in the circumstances of this complaint.

I've also thought about what Monzo did once informed that Mrs K's payments had been made as the result of a scam. Mrs K made debit card payments to a cryptocurrency account in her name. From there, she purchased crypto assets and moved them into a wallet address of her choosing (albeit upon the scammers instructions). As such there wouldn't have been any realistic prospect of recovery for the payments lost to scam 1.

Scam 2

As far as scam 2 is concerned I only seek to clarify and respond to the interest award. That's because a full refund has already been provided by Monzo to Mrs K following reconsideration of the claim under the CRM Code.

Both Monzo and Mrs K have since confirmed the 8% simple interest has not yet been paid. And I'm satisfied Monzo's offer of the 8% simple interest is a fair and reasonable resolution to scam 2. That's because had I considered the merits of and upheld scam 2, I would have also directed Monzo to pay an award of interest.

Finally, I've also thought about Monzo's handling of Mrs K's claim. I'm mindful that when she originally contacted Monzo she made no mention of the events of scam 1. This only came

about when Mrs K contacted her professional representative who brought this to Monzo's attention. In any event, when further information came to light about Mrs K's personal circumstances, this resulted in Monzo refunding the disputed transactions lost to scam 2 in full. As such I'm not satisfied compensation is warranted in the circumstances here.

Putting things right

To resolve this complaint Monzo Bank Ltd should:

In relation to scam 1:

- refund to Mrs K the final disputed transaction of £2,000
- less 50% contributory negligence
- plus 8% per annum simple interest from the date of the payment to the date of settlement.

In relation to scam 2:

- pay 8% simple interest from the date Monzo originally declined Mrs K's claim to the date settlement was paid to her account

If Monzo Bank Ltd is legally required to deduct tax from the interest awards, it should tell Mrs K how much it has taken off. It should also give Mrs K a tax deduction certificate if she asks for one, so she can claim it back from HMRC if appropriate.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to put things right for Mrs K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 12 August 2025.

Mark O'Connor
Ombudsman