

## The complaint

Mr W has complained that Monzo Bank Limited (“Monzo”) failed to protect him from falling victim to an investment-related scam.

## What happened

I issued my provisional decision on this case earlier this month, which I’ve included an extract of below. In my provisional decision I explained that I’d reached a different outcome to our investigator and that I was minded to uphold the complaint.

I gave both parties the chance to respond before issuing my final decision. Monzo responded to my provisional decision but Mr W didn’t respond.

### Extract of my provisional decision

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

Mr W explains that in November 2023 he lost £2,310 through an investment scam he was introduced to through a messaging app, in which he was persuaded to purchase cryptocurrency which he forwarded on to a scammer.

Mr W made five payments from his Monzo account to his account at a cryptocurrency exchange platform, where he purchased cryptocurrency and sent it to a scammer, under the impression he was funding an investment. He says he believed he had to add funds to his alleged investment account, and then press a button four times per day to generate income.

Mr W says he was an inexperienced investor and he only participated in this particular investment after being persuaded by a friend who’d had some success.

The payments Mr W made as part of this scam were as follows:

Date	Amount
14/11/2023	£250
16/11/2023	£200
20/11/2023	£1,350
20/11/2023	£500
20/11/2023	£10
<b>Total</b>	<b>£2,310</b>

Mr W says he realised he'd been scammed when he wasn't able to withdraw any of the money he believed he'd invested. He made a complaint to Monzo in which he said that Monzo should've taken steps to identify and prevent the transactions as they were particularly unusual compared to his normal account activity. Instead he says Monzo relied on generic scam messages to fulfil its obligations. Monzo didn't respond to Mr W's complaint so he referred it to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think Monzo ought to have done more to prevent the scam that Mr W unfortunately fell victim to.

As Mr W didn't accept the investigator's opinion, the case has been passed to me to make a decision.

### **What I've provisionally decided – and why**

I've considered all available evidence and arguments to decide what's fair and reasonable in the circumstances of the complaint.

Having done so I've reached a different outcome to our investigator and I'm proposing to uphold the complaint. I'll explain why.

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 W authorised these payments from leaving his account. It's accepted by all parties that Mr W 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 W'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.

Monzo says the payments were made to the cryptocurrency platform using Open Banking. Open Banking is a system that allows consumers to securely share their financial data with authorised third-party providers, such as budgeting apps and other payment services. The idea is to give people more control over their financial information and allow them to use it to access better deals, new products, or services that can help manage their money.

With Open Banking, banks are required to provide access to this data (with the customer's permission) through secure technology called APIs (Application Programming Interfaces). Monzo says that as Mr W made the payments from his Monzo account via Open Banking it didn't provide any warnings, but it noted that payments can only be made between a customer's own accounts using this method so it's satisfied that Mr W made the payments to an account in his own name.

From January 2023 we've expected that all firms ought to recognise that cryptocurrency-related transactions carry an elevated risk of the likelihood of the transaction being related to a fraud or scam. By this point many leading firms had appreciated this risk and placed blocks or restrictions on cryptocurrency-related transactions, and there had been widespread coverage in the media about the increase in losses to cryptocurrency scams, as well as regulator's warnings about the risks of cryptocurrency scams.

Bearing in mind the fact that these payments took place in late-2023, and it was clear they were being sent to a well-known cryptocurrency platform, I would have expected a minimum of a written warning, tackling some of the key features relevant to cryptocurrency scams, regardless of the way Mr W's account was typically used. I

recognise the payments were initially fairly modest but I don't think that means Monzo shouldn't or couldn't have at least displayed an on-screen warning.

Whilst Monzo says its lack of intervention is in line with the FCA's Technical Standards related to Open Banking, the fact that Open Banking features in this payment journey doesn't mean Monzo didn't need to be aware of signs of financial harm to Mr W. Although using Open Banking means the payments were likely initiated by the cryptocurrency exchange where Mr W held his cryptocurrency account, the payments were sent from Mr W's Monzo account, so Monzo was still responsible for having effective systems and controls in place to monitor and identify potential risks as part of that payment journey.

Also bearing in mind the date the payments took place, I would've expected Monzo to go some way to avoid foreseeable harm to Mr W, and to make sure Mr W had the information and support he needed, when he needed it, to make and act on informed decisions.

#### *Is Mr W responsible for any of his losses?*

At the time Mr W sent these payments, although he's explained he was aware of other people having some success, I'm not persuaded that he did enough to satisfy himself that he wasn't at risk of financial harm.

I understand that Mr W says he didn't know cryptocurrency wasn't regulated, but by his own admission he says he knows it was a high-risk investment. This, as well as the fact that it doesn't appear he received any correspondence or paperwork detailing the investment he believed he was making, as well as the fact it was recommended by a friend as opposed to a regulated professional adviser, means I think Mr W could've done more to prevent his loss.

With this in mind, and bearing in mind everything else I've said, I think it's fair for the responsibility for Mr W's losses to be shared equally between Mr W and Monzo.

### **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.

Monzo accepted my provisional findings and the way I thought the complaint should be settled, but Mr W didn't respond.

With this in mind I see no reason to depart from my initial conclusions. It follows that I uphold this complaint.

If Mr W accepts my decision he should ask his representative to let this service know, in order that we can instruct Monzo to make the payment.

### **Putting things right**

To put Mr W back in the position he'd have been in had Monzo done what it should've, Monzo needs to:

- Refund 50% of the payments made as part of this scam, and;
- Pay 8% simple interest on each amount, from the date the payments left Mr W's account until the date of settlement\*.
- Monzo can deduct any payments Mr W received as part of the scam from the refund, as long as Monzo can prove they're directly related to the scam.

\*If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one.

### **My final decision**

I uphold Mr W's complaint against Monzo Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 November 2024.

Sam Wade  
**Ombudsman**