

The complaint

Mr W complains Monzo Bank Ltd didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr W has an account with Monzo that he says he opened during this scam at the suggestion of the scam.

Mr W says he decided to invest in cryptocurrency in November 2023 after talking to one of his close friends who told him about profits he was making. He says his friend introduced him to a website and a trading platform which seemed genuine. In fact, his friend had been talking to a scammer without realising. Mr W says the scammer told him to open an account with Monzo. Having done so, he paid £1,000 from his account with Monzo to a cryptocurrency provider and transferred the cryptocurrency he bought onto the trading platform. Mr W says the scammer showed him his trading account was making a healthy profit, so he invested another £9,000. He realised he'd been scammed when he tried to withdraw some of the profits he'd been told he'd made. He contacted Monzo.

Monzo looked into whether or not it could recover Mr W's money – and says it couldn't – and looked into what had happened. Having done so, Monzo said that it wouldn't be able to refund Mr W as his payments had gone to another account in his own name and it had given him appropriate warnings. Mr W was unhappy and complained to our service.

One of our investigators looked into this complaint and recommended that Monzo refund 50% of the second payment plus 8% simple interest. Mr W accepted. Monzo didn't, saying that it isn't liable for losses outside of its platform or for me-to-me payments. In other words, a payment that a customer makes to another account in their own name. Monzo also said that the payments had been made using open banking so it couldn't have given warnings. Monzo asked for Mr W's complaint to be referred to an ombudsman for a decision. Mr W's complaint was, as a result, passed to me.

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 agree with our investigator that Monzo should have intervened when Mr W attempted to make his second payment as it was sufficiently out of character or unusual – the fact that these payments were made using open banking doesn't stop intervention. Had Monzo intervened, I agree that appropriate questioning would have revealed that Mr W was falling for a cryptocurrency investment scam and that Mr W wouldn't have gone ahead with the second payment. For that reason, I agree with our investigator that Monzo could have prevented Mr W from making further losses. I accept that the second payment went to an account in Mr W's own name, but Monzo knows that in cases where it could have prevented loss we can fairly and reasonably hold it liable for those losses – making deductions for contributory negligence and apportionment if that's appropriate.

Putting things right

In this case, given everything I've already said, I agree that requiring Monzo to refund 50% of the second payment is fair and reasonable. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require Monzo Bank Ltd to refund 50% of the second payment Mr W made. In addition, I require Monzo Bank Ltd to pay 8% per annum simple interest on that refund from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 December 2024.

Nicolas Atkinson
Ombudsman