

The complaint

Mr S complains that Monzo Bank Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S claims he was the victim of multiple investment and recovery scams which took place between 11 March 2022 and 29 August 2023, with a total loss of £302, 013. The initial loss happened as a result of payments he made from Bank S in connection with a scam company which I'll refer to as Company M.

He was later contacted by scam recovery companies claiming to be able to recover the funds he'd lost to the first scam. He also fell victim to a second investment scam. Between 11 March 2022 and 29 August 2023, he made 108 payments from his Monzo account to six different beneficiaries, one of which was a debit card payment. As part of the process, he purchased cryptocurrency through cryptocurrency exchange companies and then load it onto online wallets.

Mr S contacted Monzo on 22 September 2023 to tell it he'd been scammed. His representative said it should have intervened because he was making high-value payments in quick succession to new payees linked to cryptocurrency. They said it should have questioned him about the payments and as he believed he was dealing with genuine companies, he'd have told the truth and it would have been clear that he was being scammed. They said the warnings it did provide were ineffective and if he'd been given relevant warnings he wouldn't have proceeded with the payments.

Responding to the complaint, Monzo said the payments weren't covered by the Contingent Reimbursement Model ("CRM") Code because Mr S paid accounts in his own name. And it didn't attempt to recover the funds because they were sent to an account in Mr S's own name.

Our investigator didn't think the complaint should be upheld. She explained that for many of the disputed payments, Mr S had failed to show that the funds were actually lost to scam, and, in those circumstances, she couldn't consider the payments as part of the complaint. She noted Mr S had been dealing with cryptocurrency for some time before and after the payments were made, he had multiple cryptocurrency wallets and was able to withdraw funds from those wallets.

Our investigator observed that Mr S had initially disputed some transfers to N, but then changed the complaint to include more payments. She commented that he was able to withdraw funds from N into a different account. She accepted he was in contact with scammers in November 2022, but she didn't think the payments Mr S made to N in November 2022 were fraudulent because he'd made genuine payments to N and had been

told that he was being scammed, so she thought it was more likely that those payments were genuine.

She also explained there was no evidence of communication with scammers for the payments he made to N between 18 April 2023 and 28 April 2023, so she didn't accept he'd shown they were fraudulent. And he'd learned about the second investment scam at the end of June 2023, but had continued to send payments to N after this date, again suggesting those payments weren't fraudulent. And there were no withdrawals from N after June 2023. So, she didn't accept that Mr S had shown the payments he'd made to N after June 2023 were lost to a scam.

She concluded that the only payments she could consider were dated in March 2022, 1 April 2022, September 2022, October 2022, May 2023 and June 2023.

In considering whether Monzo could have prevented the payments she accepted were lost to a scam, our investigator accepted Monzo should have intervened when Mr S made the payments for £10,000 on 31 March 2022 and 1 April 2022, but she didn't think this would have stopped the scam because when he was told by the genuine merchant (he was being scammed to send funds to a clone of a genuine company) that he was being scammed, he continued to transfer funds to the scam. And based on the outcome of the intervention that took place on 21 September 2022, she didn't think an intervention would have made a different.

She explained that the account was blocked on 21 September 2022 when Mr S paid £1,200 to S. He was warned about impersonation scams, and he confirmed he'd made the transaction, he'd been actively investing for three years, he did do research, no one had given him any investment advice, and he'd done his own research. He also said he hadn't seen any adverts on social media, this was his personal wallet, the investment company was fully licenced, and he wanted the payment to be released because he knew 'how to handle his affairs'. He also said he had AnyDesk loaded onto his device for gaming, showing things to his friend, and for presentations.

He was then warned: *"Be wary of adverts online and on social media promising high returns on investments. Social media platforms are not legitimate trading platforms. Scammers will fake earnings to make it seem more believable Most firms advertising and selling investments in crypto- assets are not authorised by the Financial Conduct Authority (FCA). You should always be able to check if the trading/ investment company are registered with them...Scammers will tell you that profits are guaranteed, this is most likely a scam. Legitimate investments will never guarantee a profit. Fraudsters will go to great lengths to convince you they are not a scam. Remember, if something sounds too good to be true, it probably is. Just to let you know, if you've provided us with any misinformation across our chat that results in you sending a fraudulent payment, we will not be able to refund you for the money lost".* Mr S confirmed he understood the warning and the payment was processed.

Our investigator concluded that Mr S's responses were misleading and stopped Monzo from uncovering the scam. She also said he was given relevant warnings, and it was clear he was determined to make the payments.

Having concluded Monzo couldn't have prevented the scam if it had intervened before processing payments two and three, our investigator didn't consider whether there were any further opportunities to intervene until 2 September 2022, because Mr S hadn't shown the intervening payments had been lost to a scam. And she didn't think there were any missed opportunities to intervene before 21 September 2022 because the payments didn't exceed £10,000.

She noted he was given a new payee warning when he transferred £29,000 to a new payee on 14 November 2022, but she didn't accept Mr S had shown this payment was lost to a scam, so she didn't comment on whether the intervention was proportionate to the risk presented by the payments. And by the time he sent funds to the second investment scam on 2 May 2023, the payment amounts weren't unusual because by then the account had long history of making high value payments to cryptocurrency merchants. So Monzo wouldn't have needed to intervene.

Mr S has asked for his complaint to be reviewed by an Ombudsman. His representative has explained that Mr S continued to communicate with scammers because he thought he was dealing with genuine companies, and Monzo should have intervened because the payments were out of character.

They don't accept that he misled Monzo, and have argued that the scam would have been prevented if he'd been questioned more robustly and asked to identify the names of the investment companies. It should also have contacted him by phone to discuss the investment and educate him on the likelihood he was falling victim to a scam.

They've also argued that our investigator has assumed that a warning wouldn't have made a difference and that in depth questioning would have led to them finding inconsistencies in Mr S's story, and the scam being uncovered. And that it could have blocked the account as there were more than enough unusual transactions to raise suspicion he was being scammed.

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 reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr S has lost money to scams. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

The Contingent Reimbursement Model ("CRM") Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Mr S says he's fallen victim to, in all but a limited number of circumstances. But the Code doesn't apply because Mr S was sending funds to accounts in his own name.

I'm satisfied Mr S 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

The payments I can consider

Our investigator concluded that Mr S hasn't shown that all the disputed payments were lost to scams. I've considered the available evidence and I accept Mr S has shown the first three payments were lost to a scam because there are emails between him and the scammer dated in April 2022 which appear to show these payments were made to a scam recovery company I'll refer to as "A".

Similarly, there are emails supporting that payments 34 to 57 were made to scam recovery companies which I'll refer to as "N" and "B". And there are messages which show payments 80 to 94 are connected to the second investment scam.

However, I agree with our investigator that in the absence of emails, messages, or any other evidence to link payments 4 to 33, 58 to 79, and 95 to 108 to a specific scam, there is nothing to differentiate these payments from the genuine investments that Mr S accepts he was making around the same time, therefore I can't consider them as part of this complaint.

Prevention

For the payments that I accept were lost to a scam, I've thought about whether Monzo could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Monzo ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr S when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Monzo to intervene with a view to protecting Mr S from financial harm due to fraud.

Payments 1 to 3

Mr S was shown a new payee warning and a generic scam warning when he made the first payment and as this was a relatively low value payment to a legitimate cryptocurrency merchant, I'm satisfied that was proportionate to the risk presented by the payment.

Payments two and three were for £10,000 each and they were made on consecutive days, so Monzo should have intervened. Based on the value of the payment and the fact he was sending high value payments to a new beneficiary, it should have contacted Mr S via its live chat facility and questioned Mr S about the purpose of the payments.

I've considered whether Mr S would have answered honestly and based on the responses he gave to the questions he was asked on 21 September 2022, I think he would have disclosed that he was buying cryptocurrency. But I don't think it would have been apparent that he was trying to recover funds he'd lost to a previous scam, and I think he'd likely have denied the existence of a third party, and stated that he was an experienced investor and that he'd done research, as he did on 21 September 2022. So, I don't think Monzo would have detected the scam.

I would still expect Monzo to have provide a warning that was relevant to cryptocurrency investment scams but as this didn't make a difference in September, I don't think it would have made a difference at this earlier stage, especially as there's evidence Mr S had been told by the genuine merchant that he was being scammed, yet he continued to send payments to fraudulent beneficiaries. So, I don't think this was a missed opportunity to have prevented the scam.

Payments 34 to 57

I agree with our investigator that Monzo wouldn't have needed to intervene in any of these payments because the payment amounts didn't exceed £10,000, so they wouldn't have appeared unusual when compared to the previous payments Mr S had been making.

Monzo did intervene on 21 September 2022 and Mr S was asked probing questions and given a scam warning. Because I'm satisfied the payment Mr S made on 21 September 2022 was made to a recovery scam, I've considered whether the intervention was proportionate and effective, and I'm satisfied that it was. As I've explained above, I'm satisfied he was asked probing questions and as the responses he gave were misleading, it was prevented from detecting the scam. Because of this, Monzo didn't provide a warning

which was relevant to recovery scams, but it did give a warning which Mr S chose to ignore, and in the circumstances, I'm satisfied there was nothing further it could have done to stop the scam.

Payments 80 to 94

Monzo didn't intervene before any of these payments. The highest value payment Mr S made during this period was for £12,000 and as Mr S had made a payment for £29,000 on 14 November 2022, they wouldn't have appeared unusual, so I don't think Monzo missed an opportunity to intervene.

Overall, I understand that Mr S will be disappointed and I accept he did lose some money to scams, but, based on his responses when Monzo did intervene and when he was told by other financial businesses that he'd been scammed, I don't think there was anything it could have done to prevent the losses that he's been able to show resulted from scams.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr S paid accounts in his own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammers who persuaded Mr S to part with his funds. I haven't found any errors or delays to Monzo's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr S has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Monzo is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 April 2025.

Carolyn Bonnell
Ombudsman