

The complaint

Mr B is being represented by a claims manager. He's complaining about Monzo Bank Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr B fell victim to a cruel cryptocurrency investment scam. He says he was introduced to the scam by a friend who showed him the money they were making. Mr B was then introduced to the scammer and enticed to make the following payments in November 2023 that were lost to the scam:

| No. | Date | Amount £ |
|-----|--------|----------|
| 1 | 18 Nov | 500 |
| 2 | 18 Nov | 160 |
| 3 | 21 Nov | 136 |

It's my understanding the payments were all transfers and were all sent to a known cryptocurrency exchange.

Mr B also sent money to the scam from an account with another bank and that's being dealt with as a separate complaint.

Our investigator didn't recommend the complaint be upheld. She didn't feel the payments should have been viewed with and particular suspicion by Monzo or that it was required to provide warnings or attempt any other form of intervention in the payment process.

Mr B didn't accept the investigator's assessment and his representative made the following key points:

- Although payments were comparatively low, Mr B hadn't purchased cryptocurrency before and this unusual activity should have raised fraud concerns for Monzo. If it had warned him about the risks associated with the payment, this might have prevented the scam.
- Monzo should have made greater efforts to recover Mr B's money.

Since the complaint was referred to us, Monzo has contacted us to say that when Mr B complained about its decision not to refund him, this wasn't logged and acknowledged promptly as it should have been. In recognition of this service failing, it offered compensation of £75. Mr B's representative said it doesn't disagree with this payment but it doesn't address the merits of the complaint that has been raised.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr B authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr B.

The payments

Having considered what Monzo knew about the payments at the time it received Mr B's payment instructions, I'm not persuaded it ought to have been concerned about them. While Mr B may not have purchased cryptocurrency before using this account, the amounts involved were low and I don't think there were enough payments to conclude a pattern akin to how many scams operate had been established at this point.

I must take into account that many similar payment instructions received by Monzo will be entirely legitimate. And based on the circumstances of these payments, I don't think there were sufficient grounds for it to think that Mr B was at risk of financial harm from fraud when he made the payments and I can't say it was at fault for processing them in line with his instructions.

Other issues

Mr B's representative has explained that he is vulnerable due to health issues. But I've seen no evidence to show this was reported to Monzo or anything else that I think should have alerted the bank to the possibility that Mr B may not be capable of making his own financial decisions or was otherwise vulnerable. In the circumstances, I wouldn't have expected him to be treated differently to any other customer making the same payments.

Recovery of funds

I've also looked at whether Monzo could or should have done more to try and recover Mr B's losses once it was aware the payments were the result of fraud. I understand Mr B reported the scam to Monzo on 24 November 2023, three days after the final payment.

Mr B transferred money to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Monzo tried to recover the funds, it could only have tried to do so from Mr B's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access. So I don't think anything that Monzo could have done differently would have led to these payments being successfully recovered.

It's my understanding that the payments were transfers rather than card payments, meaning the chargeback process wasn't an option in this case.

In conclusion

I want to be clear that it's not my intention to suggest Mr B is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Monzo and, having done so, I'm not persuaded these were the cause of his losses.

I recognise Mr B has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Monzo acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

Finally, Monzo has made an offer of compensation based on its handling of Mr B's complaint. While I'm conscious that any distress and inconvenience suffered as a result of this fraud should primarily be attributed to the actions of the scammers, any failing in the subsequent service provided by Monzo would only have compounded the situation. Mr B's representative has said it didn't disagree with this offer and if he hasn't already accepted it, he can contact Monzo directly and I would expect it to honour its offer.

My final decision

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 B to accept or reject my decision before 2 April 2025.

James Biles
Ombudsman