

The complaint

Mr L complains that Monzo Bank Ltd hasn't refunded him after he fell victim to a scam.

What happened

The background to this complaint is well-known to both parties and so I'll only summarise the key events here.

Mr L was looking for ways to earn extra income and came across an opportunity for carrying out work online. He looked into it further and spoke to someone claiming to work for the company.

He was told he'd have to complete tasks through the company's portal. Each task completed would generate commission, with Mr L being paid £30 to £60 for each task completed.

Mr L signed up and started to review tasks. As he did so he saw that a negative balance appeared against his account with the company. Mr L questioned this and was told it was because real money had to move through the account to legitimise the task completion activity. He was assured that as he topped up his account and completed further tasks he'd be able to withdraw his earnings.

So Mr L topped up his account as instructed, sending cryptocurrency to the instructed destination.

But as Mr L completed more tasks, the size of his negative balance kept increasing. He had to then send more and more money at the company's instruction. And Mr L found he wasn't able to access any earnings or commission.

As this cycle continued Mr L came to realise he'd been scammed, and he contacted Monzo to ask for its help. But it said it wouldn't reimburse any of Mr L's loss. Unhappy with that answer, Mr L brought his complaint to our service.

One of our investigators considered what had happened and said the complaint ought to be upheld, in part. He recognised that all the payments had been properly authorised, and so Mr L would normally be responsible for them. But he also noted the payment activity had, over time, become suspicious and that Monzo ought to have identified that Mr L could be at risk of financial harm through fraud.

He went on to say that Monzo ought to have stepped in to ask Mr L what was happening and that doing so could have prevented further losses. On that basis he said Monzo ought to bear at least some responsibility for Mr L's loss.

Our investigator also commented on Mr L's actions throughout the scam. He didn't find he'd acted reasonably in sending the money to the scam. He noted Mr L had had concerns about the opportunity, including why he'd need to pay the company before receiving the commission he was earning. But these concerns weren't investigated beyond seeking an explanation from the scammer.

He also noted the promised payment per task seemed too good to be true, given the value compared to the simple and quick nature of what was required of Mr L.

With these points in mind our investigator said Mr L ought to bear equal responsibility for the loss suffered from the point Monzo ought to have stepped in.

Monzo accepted the outcome, but Mr L disagreed. The complaint has been passed to me as a mutually acceptable outcome hasn't been reached.

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'm reaching the same outcome as our investigator and for broadly the same reasons.

There's no dispute that Mr L authorised the payments made, albeit he did so under false pretences. The starting point at law, broadly speaking, is that he is responsible for those authorised payments. This is set out in the Payment Service Regulations (2017) and confirmed in his account terms and conditions. And when a firm like Monzo receives a valid payment instruction it ought to act quickly to execute it.

But there are times when firms ought not take an apparently valid instruction at face value. Taking account of the relevant regulations, industry guidance, codes, and best-practices there are times when it would be fair and reasonable for a firm to stop or suspend a payment to question the nature of it, with a view to preventing fraud and scams.

Monzo accepted our investigator's findings in that it hadn't done enough in this regard. And it accepted if it had acted as it ought to have done, a large portion of Mr L's loss could have been prevented.

Mr L appears to agree with this position in part. In response to the investigator's view, he has highlighted case law and other factors to demonstrate Monzo ought to have acted. But this isn't in dispute. What Mr L does dispute is the point at which Monzo ought to have intervened.

Our investigator said this was at the point Mr L made the seventh payment toward the scam (and Monzo agreed). Mr L has said it ought to have been sooner. But I disagree. Whilst, as already established, a firm ought to intervene when scam risks are present, this intervention must come at a reasonable point. I wouldn't expect a firm to question every payment. There needs to be a cause for alarm. Firms like Monzo are, after all, obligated by law to process payments quickly and with minimal friction.

Payment seven was for £2,500. That's a fairly substantial sum to send in one go and it was identifiably going to a cryptocurrency platform (which ought to be regarded as higher risk than a payment, say, to an ordinary current account).

The payments before that were much smaller in value and at no point do I think the transaction value(s), either individually or cumulatively, presented enough of a scam risk to say Monzo ought to have intervened. So I agree it's from payment seven the complaint ought to be upheld. Mr L will be solely responsible for any payments prior to that point.

There's then the question of whether Mr L ought to bear some responsibility from payment seven onwards. I'm satisfied he should.

I don't doubt that Mr L believed he was genuinely carrying out a job when he was completing the tasks and sending money. And I can see there were some persuasive elements to the scam. But I also think there was enough going on for Mr L to have had significant concerns. Indeed, it seems he did have concerns early on, questioning why any job would require him to pay the company he was working for. I'm not persuaded it was reasonable to rely on the only assurance to come from the scammer.

I've considered the opportunity itself and how it was explained to Mr L. I find it's fair and reasonable to say it was implausible from the outset. Both in terms of how it operated and how much income it was said to generate. And the explanations from the scammer as to how things work don't really make much sense. So I don't think it was reasonable for Mr L to proceed with payments in the way that he did. And so, whilst Monzo hasn't acted as it ought to have, I find it wouldn't be fair and reasonable for Mr L to be absolved of all responsibility. The loss ought to be shared equally between the parties.

I'm also satisfied there was no prospect of Monzo recovering Mr L's money. We know he moved the funds to his own cryptocurrency wallet and on from there, so there was nothing available to recover.

Putting things right

Should Mr L accept this decision Monzo will need to:

- Reimburse 50% of Mr L's loss from payment seven onwards;
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 September 2025.

Ben Murray
Ombudsman