Financial Ombudsman Service

The complaint

Miss C complains that Monzo Bank Ltd ("Monzo") won't refund the money she lost when she was the victim of blackmail.

Miss C brings her complaint with the assistance of a family member. For ease of reading within this final decision, I will refer solely to Miss C.

What happened

The background to this complaint has been laid out in detail by our Investigator in their view and is well known to both parties. So, I won't repeat everything in detail here, but in summary I understand it to be as follows.

In January 2023, Miss C met an individual, who I'll refer to as 'A', through a well-known messaging app. Miss C has said that A initially offered to buy her expensive items and spoke to her about the opportunity for her to earn money through a property investment. However, she's said that things quickly took a sinister turn and A began to demand money and made threats towards her and her family.

Worried that the threats were genuine, Miss C made a number of payments to bank details she was given by A. Miss C initially made payments from an account she held with another banking provider, but when that provider prevented her from transferring more funds, she began to make the transfers from the account she held with Monzo.

Over the course of around two months, Miss C made multiple payments from her Monzo account, totalling over £11,000, by way of faster payments and card payments. The payments were made to individual bank accounts or transfers to online gaming operators.

A family member realised something was wrong after finding out that Miss C had been using their credit card, for cash withdrawals, with Miss C subsequently placing the cash into her Monzo account to fund the payments to A.

Miss C raised the matter with Monzo, but it didn't agree to refund her the money she had lost. In summary, it said that while it was sorry to hear about what had happened to Miss C, she had authorised the payments and there wasn't any evidence that a scam had occurred, rather she had been blackmailed. Monzo did however say that the service it provided, when reviewing Miss C's claim, could have been better. In recognition of this, it awarded Miss C £125 by way of compensation.

Unhappy with Monzo's response, Miss C brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, he said that as Miss C had sent the money under duress, the payments weren't covered by the Contingent Reimbursement Model (CRM code).

Alongside this, our Investigator didn't think Monzo ought to have been concerned about the payments. But he added that even if Monzo had of intervened and spoken to Miss C about the payments, before allowing them to be progressed, it wouldn't have made a difference.

He said that as in the circumstances where Miss C was being threatened, he wasn't persuaded that questioning by bank staff would have revealed what was happening, as he didn't think Miss C would have given the real reason for the payments if asked.

Miss C didn't agree with our Investigator's view. As agreement couldn't be reached the complaint has been passed to me for a final decision.

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'm mindful that, in her submissions to this service, Miss C has said that her other banking provider had prevented her from making further payments, and that if Monzo had done the same she wouldn't have lost the money she did. However, it's important to note that banks fraud detection systems do differ and I am not able to compare the actions of the different banks here. I say that as the reasons why a banks systems trigger will depend on the specific underlying circumstances surrounding a particular payment. And those circumstances are likely to be different for each payment even if, on the face of it, they appear to be very similar.

I'm sorry to hear of the awful events that happened to Miss C and I can understand entirely why she feels so strongly that her money should be refunded. And I can see that this has been a very difficult time for her. But having thought very carefully about Monzo's actions, I don't uphold Miss C's complaint. I do appreciate how disappointing this will be for her, and I don't underestimate her strength of feeling, but I don't think I can fairly say Monzo should reimburse her. I'll explain why.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises it to make. Miss C accepts she made the payments here. So, while I recognise she only did so as a result of the threats made toward her, she did authorise the payments. And so she isn't automatically entitled to a refund.

Monzo has agreed to following the principles of the Lending Standards Board's CRM code. This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The CRM code defines a scam as where a customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person. Or where the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent. I'm mindful that in her submissions Miss C has said that A had initially spoken to her about a property investment opportunity, but I haven't seen sufficient evidence to persuade me that what has happened here was a scam.

Rather here, the evidence supports that Miss C made the payments to the people she thought she was transferring the money to. And the payments were made for the purpose Miss C thought she was making them for – in response to the blackmail. So, Miss C wasn't deceived about either who she was paying or the purpose of the payments. And so the circumstances here don't meet the definition of a scam from the CRM code, and I don't think the CRM code applies. I recognise that my conclusion on this point might seem harsh to Miss C. However, I have to apply the terms of the CRM Code as they're written and I can't broaden their application, even when I feel sympathetic towards the circumstances of the customer.

However, the regulatory landscape and good industry practice also sets out requirements for banks to monitor accounts, have systems in place to look out for unusual transactions which might indicate its customers are at risk of financial harm, and to take additional steps or carry out additional checks before processing payments in some circumstances to help protect customers from the possibility of financial harm.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss C when it processed the payments or whether it should have done more than it did. Miss C argues that Monzo should have had stricter checks in place and the payments shouldn't have been allowed to go through undetected.

I've first thought about whether the payments Miss C made were out of character and unusual enough so that Monzo ought to have challenged them. In doing so, I'm mindful that banks, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests.

I am not entirely convinced that the succession of payments Miss C complains about exhibited particularly concerning or irregular account behaviour – such that I would reasonably have expected Monzo to be concerned that she may have been at risk of financial harm.

While I understand the amounts paid were of substantial value to Miss C, they weren't of such high value that they stood out from payments that banks would typically see on a customer's account on a regular basis—and where it has no historic account usage to rely upon. The payments also did not—in my view—sufficiently display typical characteristics one would associate with known fraud patterns. The account appears to have been credited with funds from a third-party account in Miss C's name and were being paid in intervals of one or several days, and not in quick succession as can be common in cases of fraud.

Importantly, I think it is worth noting that in the circumstances of this case, even if Monzo had recognised that Miss C was at a heightened risk of financial harm from fraud, as a result of some of the payments she made, I don't think the action I would have expected it to take would have prevented her loss.

I say that as a proportionate test in such circumstances would have been for Monzo to carry out some sort of human intervention with Miss C to attempt to establish the circumstances surrounding the payments. I've thought about what would have happened if Monzo had intervened and in doing so I'm required to base my findings on the balance of probabilities; that is, whether a particular possible outcome of that intervention was more likely than not.

With this in mind, I've carefully considered all of the available evidence, paying particular attention to what we know about Miss C's state of affairs. It is difficult to say that this type of intervention would have made a difference. Miss C knew she was being blackmailed and, in the interactions she did have with Monzo, she told it that the payments were being sent to repay money to a friend and for the purposes of paying for a holiday. Miss C also enquired with Monzo about taking out a loan, for what she said was paying the balance of a holiday. So, there is enough doubt in my mind that Miss C would not have been open and honest with Monzo about the true purpose for the payments – especially as she was in fear of A following through with the awful threats they had made.

So even if Monzo had contacted her and asked her about the payments, I think it's more likely than not Miss C would not have given it accurate or complete information about the purpose or circumstances surrounding them, in an effort to get the payments made. And so I don't think any warning or guidance I would have expected Monzo to give her following its checks would have impacted her decision to continue making the payments. Which I think is supported by what had happened earlier, with Miss C starting to make payments from her Monzo account, having been prevented from doing so by her other banking provider. Sadly, in the circumstances of this case, as a result of the duress she was put under Miss C seems to have been determined to make the payments.

I'm mindful that Miss C has said she was vulnerable at the time the payments were made. But the evidence I've seen doesn't suggest that Monzo had been notified of any vulnerabilities or needs, such that it should have known to take additional steps to protect Miss C.

We also expect banks to take reasonable steps to recover any money their customers have lost. But, from what I've seen, for the faster payments Miss C made, the funds were removed from the accounts Miss C sent them to, before Monzo was made aware of what had been happening. And for the payments that Miss C made by card, given the payments were made to legitimate merchants, I don't think Monzo would have been able to recover any funds.

Distress and Inconvenience

I'm mindful that Monzo found it could have dealt with Miss C's claim in a timelier manner and that it could have provided better customer service. In recognition of this Monzo awarded Miss C £125 by way of compensation.

I do appreciate why Miss C may think she is entitled to more compensation, I know she's had to deal with a lot of stress and upset. But I also mustn't lose sight that the main perpetrator of what happened here and of the cause to the distress is A, who committed this crime.

While I think the service Monzo provided fell short of what could reasonably have been expected, the £125 it has already paid Miss C is an amount in line with what I would have awarded. So, I don't think it would be fair for me to award further compensation when it's already paid what I would've told it to.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this crime has had on Miss C. I have a great deal of sympathy for Miss C being the victim of what was clearly a cruel and callous crime that has had a significant impact on her. But I can only compel Monzo to refund Miss C if it is responsible for the loss. For the reasons explained, having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Monzo should be held liable for the loss Miss C has sadly suffered.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 28 August 2025.

Stephen Wise

Ombudsman