

The complaint

Mr G says Monzo Bank Ltd ('Monzo') didn't do enough to help when he fell victim to a cryptocurrency investment scam. He says Monzo should reimburse the money he lost.

Mr G has brought the complaint with the assistance of a professional representative. For ease of reading throughout this decision I will refer solely to Mr G.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In summary, Mr G fell victim to an investment scam. Mr G came across an investment company whom I'll call Company C. Having carried out some checks on C and believing everything to be genuine, Mr G made nine payments to his account at a cryptocurrency exchange provider whom I'll call "K". The funds were then converted into cryptocurrency and sent on to Company C on the belief they would invest / trade on Mr G's behalf. Mr G was able to withdraw some profits which reassured him that things were genuine.

Mr G made, and received, the following payments as a result of the scam:

Date	Type of transfer	Amount
23/10/2023	Payment to Mr G's own cryptocurrency account at K	-£500
23/10/2023	Payment to Mr G's own cryptocurrency account at K	-£100
29/10/2023	Payment to Mr G's own cryptocurrency account at K	-£250
02/11/2023	Payment to Mr G's own cryptocurrency account at K	-£850
12/11/2023	Payment received from Mr G's own cryptocurrency account	+£2,173.29
13/11/2023	Payment to Mr G's own cryptocurrency account at K	-£1,400
21/11/2023	Payment to Mr G's own cryptocurrency account at K	-£1,500
22/11/2023	Payment to Mr G's own cryptocurrency account at K	-£200
22/11/2023	Payment to Mr G's own cryptocurrency account at K	-£20
22/11/2023	Payment to Mr G's own cryptocurrency account at K	-£40
26/11/2023	Payment received from Mr G's own cryptocurrency account	+£15.58
	Total loss	£2,671.13

Mr G quickly realised he had fallen victim to a scam when wasn't able to withdraw any further funds or profits.

Mr G reported the matter to Monzo to see if his funds could be reimbursed or recovered. Ultimately Monzo didn't consider it was liable for the losses Mr G incurred.

Unhappy, Mr G brought his complaint to our service. Our Investigator reviewed the matter and didn't recommend the complaint be upheld. They were satisfied Mr G had authorised the payments and they didn't think Monzo ought to have done more to identify the payments as potentially fraudulent in the circumstances. They didn't consider Monzo ought to have had a cause for concern that Mr G was potentially at risk of financial harm, or that he was falling victim to a scam to an extent that it ought to have intervened and questioned him further about the payments.

With regards to the recovery of any funds, the Investigator considered as the payments went to an account in Mr G's own name with K, with the funds being converted into cryptocurrency and sent on, there wasn't anything further that Monzo could do to help Mr G recover his funds from K.

Mr G disagreed with the Investigator's opinion and thought more should have been done by Monzo to prevent his losses.

As Mr G disagreed with the Investigator's opinion, and as the matter hasn't been resolved, it's been passed to me to decide.

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.

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.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Monzo should have done more to prevent Mr G's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought very carefully about Monzo's actions, I'm not upholding Mr G's complaint. I do appreciate how disappointing this will be for him. Mr G was a victim to a cruel scam and thought he was investing through a genuine company. But in weighing everything up, I don't think I can fairly say Monzo should reimburse him. I'll explain why.

The relevant law and regulations in place at the time

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

It is agreed by all parties that Mr G made the payments. So, it is the case that Mr G authorised the payments that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr G is responsible for them. And that remains the case even though Mr G was the unfortunate victim of a scam.

However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Monzo) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

What does this mean for Mr G?

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr G when he made the payments, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say any of the payments Mr G made would (or should) have alerted Monzo that Mr G was potentially at risk of financial harm to an extent whereby it should have carried out some additional checks before processing the payments. So, I don't consider Monzo are liable for the losses Mr G incurred. I'll explain why.

I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

Here, I don't consider there is anything unusual or remarkable about the payments or the amounts that ought to have alerted Monzo to the possibility Mr G was being scammed or was at risk of financial harm. The amounts Mr G sent weren't so remarkable or significant. And the payments were spread out over approximately a month. So, I don't think the amounts or pattern of payments would have led Monzo to be concerned that Mr G was at risk of financial harm and not to an extent whereby I would expect Monzo to carry out some additional checks on the payments.

While the payments were identifiably going to a cryptocurrency exchange provider – that in and of itself doesn't automatically mean that Mr G was potentially falling victim to a scam. It is a genuine cryptocurrency exchange provider. And while cryptocurrency scams are prevalent, not all payments to cryptocurrency exchange providers are as a result of a scam. And here Mr G had authorised the open banking payments to it. So Monzo were satisfied that it was Mr G was making the payment and that it was also going to an account in his name at K. And given the amounts weren't so remarkable and there wasn't a suspicious pattern such as multiple, rapid and or increasing amounts, I don't find it ought to have given Monzo cause for concern that Mr G was at risk.

So, all things considered, I don't think it was unreasonable that the payments didn't flag as suspicious – and I can't say Monzo acted unfairly by not carrying out any additional checks on the payments Mr G made.

Recovery of the funds

I have also considered whether Monzo did all it could to try and recover the money Mr G lost. Here Mr G made payments to his account at K, and his fiat funds were converted into cryptocurrency and sent on to the scammer's wallet. So, there wasn't anything further Monzo could do to help Mr G recover his funds from K, as they had already been sent on.

Summary

While I appreciate Mr G's been the unfortunate victim of a cruel scam, I think Monzo's decision not to refund him in this instance was fair and reasonable in the circumstances.

I say this because Monzo followed Mr G's instructions to make the payments, and I haven't seen any reason why it shouldn't have done this. And unfortunately, there wasn't anything further Monzo could do to help Mr G recover his funds from the cryptocurrency exchange provider as they had already been converted in cryptocurrency and sent on.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 June 2025.

Matthew Horner
Ombudsman