DRN-5151259

The complaint

Mrs S complains that Monzo Bank Ltd won't reimburse her loss after she was defrauded.

What happened

As the circumstances of the complaint are well-known to both parties, I have summarised them briefly below.

In late 2022, Mrs S found an investment opportunity via a social media platform, offering monthly returns. Happy to proceed, between 2 December 2022 and 3 May 2023 Mrs S made multiple payments to third parties from her Monzo account. These consisted of:

- card payments to money remittance providers
- bank transfers to money remittance providers
- one bank transfer to a crypto asset provider

These payments totalled £9,999.96.

However, after attempting to withdrawal her profits from her online account, Mrs S was told to pay a number of unexpected fees and charges. It was at this stage she realised she'd been the victim of fraud, so she reported the matter to Monzo via a representative.

Monzo says that it asked for supporting evidence regarding the investment fraud, but none was provided. So it didn't uphold the complaint.

The matter was referred to our service for an independent review. However, after an Investigator considered the evidence provided by both parties, they didn't recommend the complaint be upheld.

In summary, they felt that there wasn't a point at which Monzo ought to have intervened in the payments, so its decision to decline Mrs S' claim was fair.

Mrs S, through her representative, disagreed. So the matter has now 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.

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.

All parties agree that Mrs S made the payments in dispute. So, in accordance with the Payment Services Regulations 2017 Mrs S is presumed liable for the loss in the first instance.

However, in instances where a customer has lost funds as a result of fraud, there are certain circumstances in which a bank, such as Monzo, might be expected to reimburse that loss.

Taking into account the relevant considerations above, Monzo ought fairly and reasonably to be on the lookout for out of character and unusual payments from its customer's accounts. This is in the interests of protecting its customers from financial harm and to prevent the laundering of the proceeds of crime. And where it ought to have identified such risks, there might be times where it would be reasonable to intervene in such payments and mitigate those risks.

However, I must also acknowledge that this is a difficult balance Monzo must strike against its primary obligations under the Payment Services Regulations 2017, in that it must process its customer's payment instructions without delay. This is particularly difficult considering the number of payments it processes at any given time.

Mrs S' account was a newly opened one. Therefore, Monzo didn't have the advantage of establishing a pattern of typical expenditure on the account. Some of the first payments made on the account were those made as part of this fraud.

Further, while I understand the amounts paid were of substantial value to Mrs S, 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 was being credited with funds from a third-party account in Mrs S' name and then being used to pay reputable money remittance services through card payments and transfers. These were being paid in intervals of one or several days, and not in quick succession as would normally be expected in cases of fraud.

Monzo has confirmed two of the transfers that were made to new payees were stopped and low friction warnings were provided before Mrs S was allowed to proceed. These offered generic fraud warnings and the opportunity for Mrs S to stop the payment and seek advice regarding them. I find that this was a proportionate response to the payments being made when considering the risk associated with them.

Overall, when considering the account's previous activity, I don't find that the payments Mrs S made were sufficiently concerning enough that Monzo ought to have intervened further than it did. I therefore don't find that Monzo made an error in processing them as it did.

My final decision

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

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

Stephen Westlake

Ombudsman