

Complaint

Miss M is unhappy that Monzo Bank Ltd didn't reimburse her after she reported falling victim to a scam.

Background

The background to this complaint is already well known to both parties, so I will provide only a summary of the key events.

In 2024, Miss M was targeted by a romance scam. She met an individual on a popular online dating platform. I'll refer to him as Mr O. They communicated frequently, and a relationship began to form. However, Mr O was not a genuine person. He was a fraudster. He claimed to be a doctor involved in humanitarian work and said he would soon be travelling to Gaza to work with Médecins Sans Frontières. Before his supposed departure, he and Miss M had a video call, and he continued to message her while claiming to be working overseas.

He introduced Miss M to someone he described as his lawyer, with whom he said he had a long-standing professional relationship. Around the same time, Miss M was told she had been added as a beneficiary to a life insurance policy in Mr O's name. She was provided with documents that appeared to confirm this.

After a period of around three weeks without any contact, the lawyer informed Miss M that Mr O had been taken hostage. Given the extensive media coverage of the conflict in Gaza at the time, this account appeared credible to her. The lawyer then persuaded Miss M to make two payments to an account in the name of a private individual, who was said to be the lawyer's accountant. These payments were described as necessary to enable her to take control of Mr O's financial affairs and to cover anti-money laundering checks. The payments were as follows:

1	24 April 2024	£4,246.35
2	13 May 2024	£10,000

Both payments were made via a payment remittance firm to an account based in the United States.

Around this time, Miss M asked a family member for a loan. The family member expressed concern, which prompted Miss M to question the lawyer further. It was at this point that she realised she had likely been the victim of a scam.

She reported the matter to Monzo. The bank investigated but declined to refund her, stating that she should have taken greater care to verify the legitimacy of the person she was paying. However, Monzo did offer her £100 in recognition of shortcomings in its complaints handling.

Miss M wasn't happy with that response and so she brought her complaint to this service. An Investigator upheld it in part. Miss M accepted the Investigator's findings, but Monzo did not. As no agreement was reached, the case has now been passed to me for a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the legal starting point is that a firm is expected to process payments and withdrawals that a customer authorises, in line with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Monzo has committed to following the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). However, the payments in question were international and therefore fall outside its scope.

That said, Monzo was still required, under good industry practice and the terms of Miss M's account, to monitor for account activity or payments that appeared unusual or out of character, particularly where these might indicate a risk of fraud. Where such a risk is identified, the bank is expected to take steps to protect its customer. These steps might include providing a relevant warning during the payment process or contacting the customer directly to understand the circumstances surrounding the transaction. Any action taken should be proportionate to the level of risk presented by the payment.

I've considered Monzo's comments regarding Regulation 82 of the Payment Services Regulations 2017. This regulation sets out what steps a payment service provider (PSP) should take when it chooses not to process a customer's payment and the information it should make available to that customer. It doesn't set any limits or restrictions on how a PSP might exercise its discretion to decline to make a payment. Overall, I'm not persuaded it's relevant to the outcome here.

The first payment was somewhat out of character. It was higher than her previous transactions and was sent to an international recipient, which wasn't typical for her account. However, I'm mindful of the fact that customers can make one-off payments that differ from their usual account activity. For that reason, I do not consider the risk associated with the first payment to have been so significant that Monzo was required to pause it and contact Miss M. Instead, I consider that Monzo ought to have responded by presenting her with a written warning that was relevant to her circumstances. Even so, I am not persuaded that such a warning would have made a material difference. Given the unusual nature of the scenario and the personal connection Miss M believed she had with Mr O, I find it unlikely that a system-generated warning would have been sufficiently specific or impactful to alter her decision. In other words, Monzo's failure to provide a warning at payment 1 wasn't a cause of Miss M's losses.

The second payment presents a different picture. It was more than double the amount of the first and was again sent to an international recipient. In my view, this payment carried a significantly higher risk and should not have been processed without Monzo first contacting Miss M to ensure she was not at risk of financial harm due to fraud. Based on the evidence Miss M has provided, I consider it more likely than not that she would have responded to the bank's enquiries openly and honestly. From the perspective of a bank employee, the details she would have shared clearly point to a romance scam. Monzo could then have issued a clear and direct warning about the risks involved in proceeding with the payment.

I think it's more likely than not that, if she'd been warned in such a way, it would've prevented her from going ahead. It was Miss M's sister expressing concern that prompted her to question the narrative she had been given and ultimately led her to realise she had

been scammed. I consider it likely that a similar outcome would have followed if Monzo had raised those doubts at the point of payment 2.

Overall, I'm persuaded that, had Monzo taken the steps I believe it should have taken, it's more likely than not that Miss M would have been prevented from making the second payment.

Should Miss M bear any responsibility for her own losses?

I have also considered whether Miss M should bear any responsibility for the losses she sustained. In doing so, I have considered what the law says about contributory negligence, while also recognising that my role is to reach a decision that is fair and reasonable in all the circumstances. I fully appreciate that Miss M was the victim of a sophisticated and emotionally manipulative scam. The fraudster exploited her trust and belief in a developing relationship, and I do not underestimate the psychological pressure she was under. The tactics used were designed to create urgency, confusion, and emotional dependency, all of which can impair someone's ability to think critically about what they're being told.

However, I do think there were a number of warning signs that, even in those difficult circumstances, ought to have prompted Miss M to question what she was being told. She was advised to tell the bank that the payment was for someone "running errands" for her in the United States. I think she should've been concerned that the lawyer was suggesting she mislead the bank in this way.

There was no independent confirmation that the lawyer was genuine or worked for a legitimate law firm. While I accept that Miss M trusted Mr O's explanation that this was someone he had worked with for some time, I think it would have been reasonable for her to seek some form of verification. She was also asked to send money to a personal account. Although she was told this belonged to the lawyer's accountant, the fact that it was not a business account should have stood out as unusual.

Furthermore, when she was told that Mr O had been taken hostage, the lawyer claimed to be working to "clear her name." Miss M had not been involved in any wrongdoing, so it is difficult to see why such action would be necessary. I accept that this was likely a deliberate tactic to increase pressure on her, but I think it is something she ought to have been more sceptical about.

Taking all of this into account, I consider that Miss M did overlook several indicators that the situation may not have been genuine. While I am mindful of the emotional manipulation involved and the context in which these events took place, I find that it's fair and reasonable for Monzo to make a deduction of 50% from the compensation payable to her.

Other issues

For the sake of completeness, I have also considered whether Monzo took all reasonable steps to recover Miss M's funds from the receiving account. In situations like this, I would expect a bank to act promptly by raising enquiries with the receiving bank once it becomes aware that fraud has occurred. From the evidence available, I am satisfied that Monzo did so in this case. Unfortunately, the outcome of such enquiries is not within Monzo's control. The decision to return funds rests with the receiving bank, which will act in accordance with the relevant regulations in the jurisdiction in which it operates. Although Monzo was not successful in recovering any of Miss M's money, I am satisfied that this was not due to any failing on its part.

I have also considered how Monzo managed Miss M's complaint more generally. It has acknowledged that its handling fell short of expectations. There were delays in its response, and it did not deal with the matter as promptly as it should have. However, I can see that it recognised this and paid Miss M £100 in recognition of the inconvenience caused. In the circumstances, I consider that to be a fair and reasonable amount.

Final decision

For the reasons I've explained above, I uphold this complaint in part. If Miss M accepts my decision, Monzo Bank Ltd needs to refund 50% of payment 2. It also needs to add 8% simple interest per annum to that sum calculated to run the date the payment left her account until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 27 August 2025.

James Kimmitt
Ombudsman