

The complaint

Mrs G complains that Monzo Bank Ltd (Monzo) won't reimburse her for payments she made to a scam.

What happened

On 29 November 2023 after Mrs G clicked a link in an email and entered some payment details, she received a call from a scammer claiming to be from the Financial Conduct Authority (FCA). She was told that her accounts had been compromised as a result of her entering those details. The scammer created a sense of panic and told Mrs G that her accounts had been accessed, and a scammer was trying to take out a loan through one of her accounts. They said she needed to take out a loan herself with that bank to prevent her account from being hacked. They explained that she would then need to move that money to her Monzo account and onward to an account they asked her to set up with W (an online money transfer business). She made the following payments.

Date	Type of transaction	Payee	Amount
29 November 2023	Credit	Mrs G	£3,998
29 November 2023	Card payment	W	£3,999.99
29 November 2023	Credit	Mrs G	£3,998
29 November 2023	Card payment declined by Monzo	W	£3,999.99
	Total Loss		£3,999.99

When Mrs G heard nothing back from the scammers, she called the FCA and discovered she'd been the victim of fraud.

She complained to Monzo, but they didn't uphold Mrs G's complaint. They explained that the payment she made from her Monzo account wasn't the scam payment. That payment was made from her account with W, and they suggested she contact them for redress.

Mrs G referred her complaint to this service and our investigator provided her opinion. She didn't think Monzo had done anything wrong. She didn't think there was anything unusual or suspicious in the first payment and she thought Monzo had acted appropriately when declining the second payment made shortly afterwards.

Mrs G disagreed and she asked for the decision by an ombudsman.

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 sorry to disappoint Mrs G but I'm not upholding her complaint. I know she's been the victim of a cruel scam, but I don't believe Monzo has acted unreasonably. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts.

Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full, and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Mrs G is responsible for any payments made from her account which are properly authorised, as they were here. And Monzo has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Monzo ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

Monzo should also have been aware of the increase in multi-stage fraud when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years and it's a trend Monzo ought fairly and reasonably to have been aware of at the time of the scam. The fact that the money used to fund the scam wasn't lost at the point it was transferred to Mrs G's own account does not alter the fact that I think Monzo could fairly be held responsible for Mrs G's loss in such circumstances.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in Mrs G's case, it's for me to determine if Monzo made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Mrs G's losses as a result.

So, the starting point here is whether the instructions given by Mrs G to Monzo (either individually or collectively) were unusual in relation to her typical account activity. So, I've reviewed the account statements around the time Mrs G made the payments in question here. I can see that Mrs G made a large payment into her account that was immediately then paid out of the account to W. I note this payment was larger than any previous payment Mrs G had made but account usage can change over time. And consumers do, on occasion, make large transfers to new accounts. So, I think Monzo's response to that payment was reasonable and proportionate: they asked Mrs G to securely authenticate the payment to demonstrate that it was her who was making the payment and when she did that, I think they were reasonable to approve it.

As a result, I don't think the first payment was so unusual or out of character that it's reasonable to have expected Monzo to have intervened at the time.

When Mrs G tried to make a further substantial payment within an hour of the first, I think there were significant signs that something unusual was going on. Mrs G had now tried to transfer almost £8,000 to a new account; payments were being made in very quick succession and were leaving Mrs G's account almost as soon as they had been credited to it. I think Monzo were right to intervene at that point when they froze the payment, called Mrs G and subsequently declined it.

So, I'm not persuaded that it would be fair to hold Monzo responsible for any loss Mrs G incurred as a result of the scam.

I've thought about whether Monzo acted reasonably when it was made aware of the scam. They have explained that they couldn't recover the money as Mrs G had sent it to an account in her own name. So, there was no basis for the bank to ask for money to be refunded since the money didn't leave Mrs G's control until she forwarded it to the scammer from her account with W. So, Monzo wouldn't have been able to recover any of Mrs G's funds, and I don't think it treated her unreasonably for that reason here.

Chargeback – Mrs G used her debit card for these payments but because she received the service W was required to perform (to receive money) there wasn't a reasonable prospect of a chargeback being successful if Monzo had raised one. So, Monzo didn't treat her unfairly by not doing so.

The FCA rules require businesses, such as Monzo, to respond to complaints within eight weeks. Monzo were late providing a response to Mrs G's complaint. She first complained to them in December 2023, and they didn't respond until May 2024. So, I think they did cause her some distress and inconvenience as she was clearly concerned to get a response so that she could ascertain whether it would be possible to get her money back. Monzo accepted that there had been delays. They paid Mrs G £90 in compensation for the delay and for not responding adequately to messages they she had sent them. Overall, I think that was a reasonable amount of compensation in the circumstances and I'm not asking Monzo to pay any more.

My final decision

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

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

Phillip McMahon
Ombudsman