

The complaint

Mr W complains that Monzo Bank Ltd won't refund him the money he says he lost to an investment scam.

In bringing his complaint to this service Mr W is represented by a third party, but for ease of reading I'll refer to Mr W throughout.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here, but in summary I understand it to be as follows.

From March 2021 through to 3 November 2023, Mr W invested just over £86,000 with a company I'll refer to as 'A'. He made the payments, via card, from the account he held with Monzo and he received just under £49,000 back from A during the course of his investment.

Mr W has said he became concerned and believed he'd been scammed after he received a message from A telling him that they were seeking new liquidity providers for a better spread.

Mr W raised the matter with Monzo, who acknowledged the claim but hasn't agreed to refund Mr W as they don't believe there is clear evidence that there is a scam. Monzo also doesn't think there would have been an opportunity to recover the money Mr W sent, by way of the chargeback process.

Unhappy that Monzo hadn't refunded him, Mr W brought his complaint to this service. One of our Investigator's looked into things but didn't think the complaint should be upheld. In summary, it was our Investigators view that there wasn't enough evidence to indicate that what had happened here was a fraud or scam.

Mr W didn't agree with our Investigator's view, in summary he maintained that what happened was a scam and that a legitimate financial institution wouldn't act in the way it did and that A did not act in his best interests.

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 very aware that I've summarised this complaint 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. 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 a free alternative to the courts.

Having thought about everything carefully, I've come to the same conclusions as our Investigator, and for much the same reasons.

Banks have various and long-standing commitments to be alert to fraud and scams and to act in their customers' best interests. But these are predicated on there having been a fraud or scam. So, my first consideration must be whether A was operating a scam as Mr W alleges.

Not every complaint referred to us and categorised as an investment trading scam is in fact a scam. Some cases simply involve high-risk investments that resulted in disappointing returns or losses. Some of these investments may have been promoted using sales methods that were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud. Some merchants may have used sales and promotional methods that could be seen as unfair by consumers considering the losses they've incurred – but this does not always amount to fraud.

When considering this for Mr W's case, I've paid particular attention to the official organisations that publish warnings about merchants that operate in the UK and abroad. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO"), the international body that brings together the world's securities regulators. And the FCA (as the UK regulator) also has its own warning list, which is in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or unauthorised.

Upon checking both, I've noted that there was a warning published about A in 2024. I've read that warning, and it advises that A was not registered in a particular country, but it doesn't indicate that they were operating as a scam.

As well as this, it would appear that when Mr W started making the payments to A it was regulated, and appears still to be, by the Cyprus Securities and Exchange Commission (CySEC) with passporting rights through the FCA - which meant they could offer services to UK customers. It would be unusual for a scammer to comply with all the various requirements of becoming regulated.

I've noted the FCA restricted A's ability to offer regulated services in the UK during 2023. But I'm not persuaded that's enough to show A scammed Mr W. The FCA may remove authority from companies whose actions fall short of being a fraud or scam and I've seen no persuasive evidence that the FCA has deemed A as having operated a scam.

My conclusions are reinforced by the fact that Mr W received considerable credits back from A into his Monzo account. This conflicts with typical fraudulent behaviour, that normally seeks to extract and retain as much money as possible from victims. And from reviewing Mr W's submissions to this service, it seems that after raising this as a scam, he has sought to continue communications with A and did receive an amount of £4,000 as 'partial settlement' from A just two weeks before bringing matters to this service. I'm mindful that entering into negotiations and returning money isn't typical of how a fraudulent investment company would usually act. With A seemingly still being contactable, it seems Mr W may have the option to pursue a complaint against A directly – as they're ultimately who he says caused his loss.

As I'm not sufficiently persuaded A was operating a scam at the time, I can't reasonably say there would have been a reasonable expectation for Monzo to have intervened in Mr W's payments before they were sent.

Chargeback

Monzo are bound by the card scheme providers rules, in this case Mastercard. And whilst there is no 'right' to a chargeback, I generally think it's good practice to raise one where there is a reasonable prospect of success. Our service has clarified the position with Mastercard themselves and they've confirmed there are very limited options for payments that have gone to any type of investment. The only possible avenue for success is if funds aren't credited from the card to the investment account. That isn't the argument here. Being the victim of an alleged scam isn't something the Mastercard chargeback scheme provides dispute resolution options for. So taking all of this into consideration I think Monzo Bank declining to raise a chargeback claim was a reasonable exercise of its discretion.

For the reasons I've given, I'm not persuaded there is enough information for me to conclude that what has happened here is a scam. It follows that I can't fairly or reasonably ask Monzo to refund Mr W any of the money he sent to A.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 June 2025.

Stephen Wise
Ombudsman