

The complaint

Miss H is unhappy Monzo Bank Ltd won't refund a payment she made as part of a scam.

What happened

In November 2024 Miss H began chatting with someone on social media who introduced her to a cryptocurrency investment opportunity. She was instructed to purchase cryptocurrency, which she did using her Monzo debit card, through a provider I'll call "S". The transaction was for £700, and to fund it she topped up her Monzo account from her main bank account. Miss H then sent the cryptocurrency from her digital wallet at S, on to the details for the 'investment' given to her by the scammer.

Afterwards Miss H was told she needed to pay a fee of £1,500 to release her cryptocurrency, which she sent using a different account, at an Electronic Money Institution (EMI) I'll call "R". Following that, the scammer said Miss H would need to pay to upgrade from a choice of investment packages, which she couldn't afford to do – and when she couldn't withdraw the money she'd already paid in she realised she'd been scammed.

Miss H contacted Monzo for help getting her money back, but it rejected her fraud claim as her money was taken from an account elsewhere. Miss H complained, but Monzo's final response reiterated that she should report the scam to S, as the fraud had occurred from her wallet there. As she wasn't happy with the outcome of her complaint, she referred the matter to our service for review.

One of our investigators looked at the complaint and didn't think it should be upheld. In her view, the disputed transaction didn't carry a heightened risk of financial harm from fraud. That's because the payment wasn't sufficiently high enough in value, and nor had a scam pattern formed, to trigger fraud checks from the bank.

Miss H didn't accept the investigator's opinion and asked for an ombudsman to review things. She argued that she was scammed into paying for something she didn't receive, and you're supposed to be covered by your bank for situations like this. Miss H had also contacted Visa, a card scheme, which had agreed she is protected on purchases where the goods or service weren't provided. So the complaint was passed to me for a final decision on the matter.

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.

Having done so, I'm not upholding Miss H's complaint. I appreciate that will come as great disappointment to Miss H, who I know feels strongly that Monzo should have done more to help. I was also saddened to hear about how much the incident had affected her. There's no dispute that Miss H fell victim to a cruel scam. But what I must decide is whether Monzo ought to have been on notice she was at risk of financial harm, to the extent that it intervened before processing the payment. On balance, I don't think that was the case here

– and I’ve explained my rationale below.

In broad terms, the starting position in law is that a payment services provider (like Monzo) is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR’s). Miss H ‘authorised’ the transactions in question (she made them), albeit under the belief they were for a legitimate investment opportunity. So Monzo were under an obligation to process the payments – but that isn’t the end of the story, as far as Monzo’s responsibility in the matter goes.

While that’s the starting position, I’ve also taken into account the regulator’s rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. I’ve also applied Monzo’s terms for the account, which say it can refuse to make payments if it suspects a customer is falling victim to a scam. Those together mean I consider Monzo should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk.

Monzo has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment. Monzo didn’t intervene prior to processing this payment. So the question for me to decide is whether the disputed transaction ought to have looked concerning enough to have prompted fraud checks.

Firstly, I wanted to address Miss H’s comments that she believed she was covered by her bank for these situations. The Payment Services Regulator did bring in some mandatory Authorised Push Payment (APP) scam reimbursement rules shortly before Miss H made this payment. But the scheme doesn’t apply to card payments (which is the case here), and the rules also require that the beneficiary account isn’t one under the control of the customer (which again was true for the account at S). So, unfortunately, Miss H isn’t covered for an automatic refund for this payment under those scam reimbursement rules.

Miss H was also told by a card scheme that she was protected when goods or services bought on card aren’t provided. Her Monzo debit card actually uses the Mastercard payment network, but it has similar rules to Visa for its ‘chargeback’ scheme. It also provides refunds in certain scenarios – and, broadly speaking, you can dispute a payment to a merchant where you don’t get what you paid for. But here Miss H did get what she paid for – the £700 card payment was to purchase cryptocurrency through S (who is the merchant on her statements), and she received that service (the cryptocurrency she bought was loaded to her digital wallet). So she can’t dispute that S didn’t provide the goods or services she paid for with her card, as it did.

Miss H also can’t raise a chargeback against the scammer, as she didn’t pay the scammer directly with the card payment in question. She was unfortunately tricked into sending on the cryptocurrency she bought to the scammer. So she didn’t receive what she thought she was paying for with that subsequent transaction at S, and cryptocurrency withdrawals aren’t covered by any similar chargeback rules. That means Miss H would only be entitled to a refund if Monzo made a mistake when putting the card payment through (for example, if it didn’t act on clear indications she was falling victim to a scam).

Having considered Miss H’s prior account usage I don’t find this payment was particularly out of character – she had previously made several payments of around this value and above. Monzo ought to have known it was cryptocurrency related purchase, which does

involve some level of risk. But it wasn't for a concerningly large amount, and the majority of transactions to cryptocurrency providers aren't the result of fraud. Monzo would also have been aware that S likely required the name on the payment card to match the name on the account – so it could be reasonably confident that the payment was going to Miss H's own digital wallet at S. There wasn't a worrying pattern of spending, indicative of a scam, forming at the point the payment was made either (for instance, rapid payments for escalating amounts). Card payments carry some protections too (though I appreciate they didn't help Miss H here), which affects the risks associated with them when compared with transfers.

Overall, I wouldn't have expected Monzo to be concerned about this payment, to the extent that it needed to give a warning or complete fraud checks prior to allowing it. Therefore I don't think it made any mistakes in the circumstances. I've thought about whether Monzo could have done more to recover the loss, and I don't think it could have – chargeback was really the only mechanism available for that, and I've explained why a claim against S wouldn't be valid. I also haven't seen any service issues that I think would warrant compensation.

Having considered everything, and whilst I recognise that Miss H has sadly lost this money to a scam, I don't think Monzo could reasonably have been expected to prevent the loss. So, I'm not directing it to refund the payment she sent.

My final decision

My final decision is I don't uphold Miss H's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 22 July 2025.

Ryan Miles
Ombudsman