

The complaint

Mr P complains that Monzo Bank Ltd (“Monzo”) won’t refund money he lost when he fell victim to an investment scam.

Mr P is being represented by solicitors in this complaint.

What happened

In 2023, Mr P fell victim to a scam after making payments to what he believed was an investment platform that he’d been introduced to by someone he met on an online dating website. After exchanging messages for several months, the individual brought up cryptocurrency investment and told Mr P about the profits they’d made from it. Mr P was open to investing and checked for reviews of the investment platform before deciding to go ahead.

In order to make deposits, Mr P purchased cryptocurrency from a cryptocurrency exchange and then sent that on to his account with the investment platform. He made payments from his account with a high street bank before switching to Monzo, who he opened an account with specifically for making these payments, after his main bank said it wouldn’t allow payments to cryptocurrency exchanges. Between November 2023 and January 2024, Mr P sent around £72,000 from his Monzo account through debit card payments. He realised he’d been scammed when he was repeatedly asked to make further payments to withdraw his profits.

Monzo refused to refund Mr P and said the loss didn’t occur from the payments made from his Monzo account. The loss occurred when the purchased cryptocurrency was transferred out from Mr P’s wallet with the exchange and sent on to a third party.

Our investigator thought that the first seven payments being disputed weren’t unusual such that Monzo should have taken additional steps before processing them. But it should have intervened when payment 8 was authorised. That said, the investigator wasn’t persuaded that further probing at the suggested trigger point, or later, would have uncovered the scam.

Mr P’s representative didn’t agree with the investigator’s findings and asked for an ombudsman to review the complaint.

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 broad terms, the starting position at law is that a payment service provider like Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account.

But, having taken into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider good industry practice at the time, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Mr P's representative has already accepted the investigator's findings that the first seven payments wouldn't have appeared suspicious and therefore didn't warrant an intervention by Monzo. The disagreement is over the investigator's conclusions on what is likely to have happened had Monzo intervened when payment 8 was made. With that in mind, I've considered the likelihood of a proportionate intervention by the bank at the suggested trigger point resulting in the scam being uncovered.

I'd have expected Monzo to have asked a series of simple questions in order to establish the potential risk the payment presented. Once that risk had been established, Monzo should have provided a warning which was tailored to that risk. Here, Mr P believed he was making payments to deposit funds into his account with the investment platform. And there's nothing to suggest that he wouldn't have told Monzo the true purpose of his payments.

The warning Monzo ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media; promises of returns that are too good to be true; an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.

Mr P had been speaking to the scammer for several months before they brought up investing in cryptocurrency. By that point, he'd built a trusting relationship with the individual. So, any warning about being contacted out of the blue or finding an investment opportunity on social media is unlikely to have resonated with him. The same goes for warnings about account managers or brokers.

It's worth noting that Mr P had already researched the investment platform before deciding to invest. I think he would have reassured Monzo that he'd done his due diligence if the bank had questioned him about this. I should also add that in a phone call he had with his other bank, Mr P said he'd been using cryptocurrency exchanges for two to three years. It's likely that he would have mentioned his previous experience to Monzo as well.

Additionally, in his complaint about his other bank (which has been considered separately by our service), Mr P has told us that he was able to make multiple withdrawals amounting to just under £6,000 from his investment account. The withdrawals were made prior to the Monzo payments, and I think they would have made the investment appear legitimate.

In the circumstances, on balance, I'm not persuaded that an intervention by Monzo at the suggested trigger point is likely to have positively impacted Mr P's decision-making.

Recovery wise, as these were debit card payments the recovery avenue would have been limited to raising a chargeback. As Mr P's card was issued under the MasterCard scheme, chargeback disputes involving investment transactions are deemed valid only where the dispute arises from funds paid not being credited or loaded on to the receiving account. As this isn't what happened here, prospects of recovery under the chargeback scheme would likely have been unsuccessful.

In conclusion, I realise that this outcome will come as a significant disappointment to Mr P. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Monzo liable for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

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

Gagandeep Singh
Ombudsman