

The complaint

Mrs A complains that Monzo Bank Ltd won't refund money she lost when she was a victim of a scam.

Mrs A is represented by a firm I'll refer to as 'W'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mrs A has explained that she fell victim to a crypto investment scam that started in 2020. As part of the scam, she purchased crypto from several legitimate crypto providers before forwarding it on to the scammers. The relevant debit card transactions are*:

Transaction Date	Amount
13 March 2020	£40
16 March 2020	£5
17 March 2020	£5
19 March 2020	£2
20 March 2020	£7
20 March 2020	£10
20 March 2020	£10
20 March 2020	£10
15 April 2020	£190
6 May 2020	£220
9 December 2020	£45.84 (\$60.93)
20 December 2020	£26.30
10 February 2021	£447.23
10 April 2021	£10
19 April 2021	£50
22 April 2021	£25
29 April 2021	£15
30 April 2021	£10
10 November 2022	£109
Total	£1,237.37

*Some of these transactions weren't listed in the complaint to Monzo, but Monzo included them in their submission to the Financial Ombudsman.

W complained to Monzo, on Mrs A's behalf, in July 2024. They didn't think Monzo did enough to protect Mrs A from the scam – as they thought Monzo ought to have identified this

payment activity as unusual for Mrs A and should've contacted her to discuss the payments before processing them. Had this happened, W said the scam would've been uncovered and

Mrs A's loss prevented. They said this loss should be refunded in full under the Contingent Reimbursement Model (CRM) code and Authorised Push Payment (APP) requirements.

Monzo didn't uphold the complaint. They said the payments were authorised by Mrs A and so, they were unable to accept liability for them. Monzo added that they provide education about scams on their website, and they didn't agree they'd breached any duty of care to Mrs A. Nor were the payments covered under the CRM code as they were made to another account registered in Mrs A's name.

Our Investigator considered Mrs A's complaint, but she didn't think Monzo had to do anything further. In short, she said:

- She didn't think the payments were particularly unusual or suspicious in appearance to Monzo considering Mrs A's normal account activity. And Monzo has shown they didn't flag as suspicious on their system.
- As there weren't any warnings about the crypto providers Mrs A sent funds to, and as Monzo didn't speak to her about the payments, they didn't miss an opportunity to identify they were being made in relation to a scam.
- There wasn't any reasonable prospect of recovering the funds.

W disagreed. In short, they said:

- The payments were unusual and out of character for Mrs A – being made to various new crypto payees. This frequent succession of payments to new accounts, and Mrs A's lack of previous crypto transaction experience with Monzo, should've been a red flag.
- A deeper inquiry into the nature and purpose of the transactions was warranted – with direct contact being made. Mrs A had no reason to be untruthful if questioned about the payments. So, Monzo would've been able to provide sufficient warnings that would've acted as a deterrent against the investment.
- Crypto transactions carried an elevated risk that Monzo should've been aware of.
- Monzo must have robust systems to detect and prevent unusual or suspicious transactions – with their failure to intervene demonstrating a lack of adequate protection for Mrs A.

Our Investigator considered the points W put forward, but her position remained the same. She said the payments weren't of a high value and due to their infrequency, Monzo wouldn't have had enough cause for concern. Overall, the payment activity didn't appear unusual enough to say Monzo should've provided a warning(s).

The matter has been passed to me to decide.

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 sorry Mrs A has lost a significant amount of money. But I must consider whether Monzo is responsible for the loss she's suffered. Having done so, and while I realise this isn't the outcome Mrs A is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Monzo acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mrs A that I've considered everything W has submitted on her behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Monzo is responsible for the loss Mrs A has suffered.

W has referred to Mrs A's payments being refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. The CRM code however doesn't cover debit card payments, nor does it cover payments to a person's own account. I've therefore considered whether it would otherwise be fair and reasonable to hold Monzo responsible for Mrs A's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mrs A knowingly made the payments from her Monzo account and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process Mrs A's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mrs A to Monzo (either individually or collectively) were unusual enough to have expected additional checks being carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

Mrs A's payments went to legitimate crypto providers - which carries a known fraud risk that has become more prevalent in recent years. Monzo should've considered this as part of their requirement to monitor unusual patterns of account activity to prevent potential financial harm. But while crypto providers are sometimes used for the purpose of scams, they're also used by many individuals to invest legitimately. Because of this, I wouldn't necessarily have expected Monzo to have carried out additional checks before processing the payments simply because they were going to a crypto merchant. But rather, I would expect them to take steps to protect customers that are proportionate to the identifiable risk.

Mrs A typically used her Monzo account for low value day to day transactions – ranging up to £250. So, here, except for the £447.23 payment, the disputed transactions were in line with Mrs A's typical spend on the account as they were low value. And while the £447.23 payment was more than Mrs A typically spent, it was still a relatively low value transaction. It's also worth noting that it is common for customers to make larger payments from time to time as part of normal account activity. Because of this, I don't think the payment values were unusual or suspicious enough for Monzo to have had concerns Mrs A might be at risk of financial harm.

I've also considered the payment pattern and that the transactions were made to several new payees. Here, the payments were spread over a significant amount of time, and they

didn't escalate in value. Both of which can be a potential indicator of fraud. Although Mrs A did make four payments to the same payee on 20 March 2020, this only totalled £37, and so would've therefore presented a very low risk of potential financial harm.

Mrs A had also made more than one payment to the same payee/beneficiary on the same day before, so this activity wouldn't have appeared as out of character for her. And although these disputed payments were made to several newly added payees, I don't think this alone would've given Monzo reason to suspect an increased risk here – as it's normal account practice for customers to add new payees at times.

In these circumstances and given, as I've said, there is a balance for Monzo to find between questioning transactions and allowing customers to use their account without unreasonable friction, I don't think Monzo would've had sufficient reason to suspect Mrs A wasn't making the payments for anything other than legitimate crypto purposes – as the activity didn't have the typical traits of fraud or a scam.

It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I wouldn't have expected that here. And so, I think it was reasonable for Monzo to process the payments upon receiving Mrs A's instruction(s).

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Mrs A's losses, but I don't think they could. The only possible option for recovery would've been for Monzo to have attempted a chargeback against the payee – that being the crypto providers. But this likely wouldn't have had any reasonable prospect of success. This is because the payments were for the purchasing of crypto which had been provided to Mrs A – so she received the service she paid for.

In conclusion, while I have a great deal of sympathy for Mrs A, I cannot reasonably direct Monzo to refund her. For the above reasons, I think Monzo have acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 16 July 2025.

Daniel O'Dell
Ombudsman