

The complaint

Ms R complains that Monzo Bank Ltd ("Monzo") won't refund her the money she lost after she fell victim to an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around February 2024, Ms R received a message, through a well-known messaging app, from somebody claiming to be a recruiter, about a job opportunity. She was told the job entailed reviewing hotels online to increase their rating, for which she would earn commission. Believing everything to be genuine, Ms R proceeded, but unknown to her at the time, she had been contacted by fraudsters. The fraudsters then persuaded Ms R to pay her own money in order to proceed with the work.

As part of the scam, as well as using accounts she already held, Ms R was instructed by the fraudsters to open multiple accounts, with other payment service providers (including opening a Monzo account), as well as with cryptocurrency platforms.

Between 22 February 2024 and 7 March 2024, Ms R made a number of transactions through her newly opened Monzo account in relation to the fraud. Our Investigator has laid these payments out in detail in their view, so I don't intend to list them all again here. But in summary, the transactions, which were made by faster or card payments, saw Ms R moving money to/from her Monzo account to other accounts she held to facilitate payments, making faster payments to individuals who were selling cryptocurrency through 'peer-to-peer' (P2P) exchange platforms and also saw her sending money directly to accounts she had set up with cryptocurrency platforms herself. Ultimately, payments were then converted into cryptocurrency and subsequently transferred into accounts that were controlled by the fraudsters.

Ms R realised she'd been scammed when she was still unable to withdraw any of the money she had sent and was asked by the fraudsters to continue making payments.

Ms R raised the matter with Monzo, but it didn't uphold her complaint. In summary, it didn't consider the payments made from Monzo were the scam payments, so it didn't think it was liable for the loss. Monzo did recognise that there was a delay in reviewing Ms R's complaint and providing her with an outcome, so it offered £100 for the distress and inconvenience caused by these delays.

Unhappy with Monzo's response, Ms R brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, it was our Investigator's view that even if Monzo had done more than it did and provided warnings, Ms R would still have wanted to go ahead with the payments. Our Investigator added that he thought the £100 Monzo had offered, for its delayed response, was fair and reasonable in the circumstances.

Ms R didn't agree with our Investigator's view. 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 agree with our Investigator, and I don't think Monzo is responsible for refunding the money Ms R sadly lost. I'm sorry to hear that Ms R has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Monzo be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

Monzo has agreed to follow the principles of the Lending Standards Board's Contingent Reimbursement Model (CRM Code). Under certain circumstances, this Code can require that firms reimburse customers who have fallen victim to scams. However, the Code doesn't apply to these payments because Ms R made genuine peer-to-peer payments for the purchase of cryptocurrency and payments to her own accounts which she then used to send cryptocurrency, or made payments directly to cryptocurrency wallets she held (before moving funds onto the fraudsters – all scenarios which mean the CRM Code isn't an applicable consideration in this case.

However, the regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Ms R when it processed the payments, or whether it should have done more than it did.

Firms, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests. I'm also mindful here that Ms R's Monzo account was newly opened. What this means is that Monzo would have had no historical account activity, upon which to compare the transactions that were being made as part of this scam.

However, I'm also mindful that the payments Ms R made from her Monzo account did increase in value and frequency and also included payments that were identifiably going to cryptocurrency providers, which can sometimes, but not always, be indicative of fraud. So, I think there did come a point where I would have reasonably expected Monzo to have established some further detail around the payments Ms R was making.

However, and importantly, in the individual circumstances of this case, even if Monzo had recognised that Ms R was at a heightened risk of financial harm from fraud, I don't think the action I would have expected it to take would have prevented her loss. I'll explain why.

A proportionate test in such circumstances would have been for Monzo to carry out some sort of intervention to establish the circumstances surrounding the payments, and to then provide a tailored warning based on any apparent risk that may present itself. I've thought about what would have happened if Monzo had intervened and in doing so, I'm required to base my findings on the balance of probabilities; that is, whether a particular possible outcome of that intervention was more likely than not.

Ms R has told us, and the evidence of the messages that I've seen, between Ms R and the fraudsters, show that she had been subject to social engineering and was being coached extensively by the scammer. This coaching included how she should answer questions posed about the payments she was making. From what I've seen, Ms R broadly followed the fraudsters' instructions, which I think is evident with what happened with Ms R giving inaccurate information about purpose of payments, and moving passed warnings about scams, when some of her other banking providers had intervened.

So even if Monzo had done more and presented Ms R with warnings, I think it's more likely than not Ms R would've reverted to the fraudster, as she had done before, on how to answer any questions. And would likely have done so in such a way as to avoid alerting Monzo to what was really happening. I think it's also more likely than not that she would have moved passed any warnings that I think Monzo could proportionately have given, as she had done with payments she'd made from other accounts she held.

Thinking next about the recovery of payments, given Ms R sent the money from Monzo to another account that she held, or through transferring money directly to P2P cryptocurrency sellers or to cryptocurrency wallets she held herself – there would have been no opportunity for Monzo to have recovered any of the money she sadly lost.

Distress and Inconvenience

I'm mindful that Monzo found it could have dealt with Ms R's claim in a timelier manner. In recognition of this Monzo awarded Ms R £100 by way of compensation.

I do appreciate the impact this matter has had on Ms R, and I don't doubt having to wait for an answer would have added to this frustration and upset. But I also mustn't lose sight that the main perpetrator of what happened here, and of the cause of the distress, are the fraudsters.

I'm pleased that Monzo proactively recognised that the service it provided fell short of what could reasonably have been expected. The £100 it has offered Ms R is an amount in line with what I would have awarded. So, I don't think it would be fair for me to order it to increase this amount.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Ms R. I have a great deal of sympathy for Ms R being the victim of what was clearly a cruel scam that has had a significant impact on her. But I can

only compel Monzo to refund Ms R if it is responsible for the loss incurred. For the reasons explained, having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Monzo should be held liable for the loss Ms R has sadly suffered. Alongside this, I think the offer Monzo has made relating to the service it provided is fair and reasonable.

Putting things right

For the reasons explained, I think the offer Monzo Bank Ltd has made in recognition of the delay in giving an outcome on this complaint is fair and reasonable and it should now;

- Refund Ms R the £100 it has offered for the distress and inconvenience.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 5 September 2025.

Stephen Wise
Ombudsman