

The complaint

Mr G complains that Monzo Bank Ltd will not refund money he lost when he was a victim of an investment scam.

What happened

In 2024 Mr G came across an investment firm – which I will refer to as ‘T’ - on the internet and enquired about their services. He was then contacted by T who discussed investment opportunities that would provide a “good profit.” Under the belief T was a legitimate firm, Mr G set up a trading account with them.

It is understood initially Mr G made various payments to T from his other banking providers. He then made payments from his Monzo account to T’s trading platform via a legitimate crypto provider as well as payments to international firms as directed by T. He also made payments through another account he holds with an Electronic Money Institute (EMI), which I will refer to as ‘R.’ The scam payments were funded by an account Mr G held at another banking provider, which I will refer to as ‘L.’ Mr G has also raised complaints against R and L which I will address separately.

Mr G made some initial payments towards the scam from his Monzo bank account which were refunded by the payees, so I have not included them in the table below. The relevant payments from Mr G’s Monzo account, as it is understood, are:

Payment	Transaction Date	Amount
1	11 July 2024	£74.86
2	12 July 2024	£4,000
3	15 July 2024	£100
4	17 July 2024	£4,000
5	18 July 2024	£9,000
6	18 July 2024	£2,000
7	23 July 2024	£98.05
8	5 August 2024	£1,700
9	5 August 2024	£8,900

After Payment 9, Mr G made a further payment of £9,760 on 6 August 2024 to the same crypto provider. However, this payment was again refunded by the payee on the same day,

so I have not included it in the above table.

Mr G stated he realised he had been a victim of a scam when T kept asking him to pay various fees whenever he requested to make a withdrawal. He subsequently reported the scam to Action Fraud as well as his banking providers.

Monzo did not uphold Mr G's complaint, so it was referred to our service. Our Investigator did not uphold Mr G's complaint. In summary, he said:

- Payments 1 – 8 wouldn't have appeared as unusual or suspicious to Monzo, considering what they knew about the payments at the time they received the payment instructions.
- The payments were being made to established accounts with no warnings against them.
- Monzo ought to have been concerned by Payment 9 because it was a significant increase in Mr G's usual payment amount. And as it was going to a known crypto provider, Monzo should have been aware the payment carried a higher risk of being associated with fraud.
- However, even if Monzo had done this, based on the intervention calls Monzo provided after Payment 9, he was satisfied Mr G would have still wanted to go ahead with the payments.
- As the scam was reported eight weeks after the scam payments, recovery was not possible as funds are generally removed immediately in scams of this nature. The payments Mr G sent to the crypto provider were transferred to a crypto exchange in his own name and from there onto the scammer, so again recovery was not possible.

Mr G did not agree, so the complaint has been passed to me for a 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 am very sorry Mr G has lost a significant amount of money. But I must consider whether Monzo is responsible for the loss he's suffered. Having done so, and while I realise this is not the outcome Mr G is hoping for, for similar reasons as our Investigator, I do not think they are. Because of this, I do not think Monzo acted unfairly by not refunding the payments. I will explain why.

Before I do, I want to reassure Mr G that I have considered everything he has submitted and while I have 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 have not addressed; it is not 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 he has suffered.

Firstly, I have thought about the CRM code which can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. However, the CRM Code only applies to payments made between two accounts held in the UK – and both accounts must be denominated in pounds sterling. This means, the payments Mr G sent internationally are not covered under the CRM code. The CRM code also does not cover payments sent to accounts held in a person's own name, so the remaining payments he sent to a crypto exchange in his own name are also not covered under it. I have therefore considered whether Monzo should reimburse Mr G under any of their other obligations.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It is not disputed that Mr G knowingly made the payments from his account – albeit under the direction of T – and so, I am satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Monzo are expected to process Mr G's payments and he 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.

When considering this, I have 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.

That said, there's no question Mr G has fallen victim to a cruel and cynical scam. Unfortunately, that alone does not mean Monzo has to refund him. Although we now know with the benefit of hindsight that this was a scam, the question I have to consider is, when should Monzo have recognised this, given the information that was available to it at the time.

So, the starting point here is whether the instructions given by Mr G to Monzo were unusual enough - in relation to his typical account activity – to have expected it to have identified Mr G was at risk of financial harm from fraud.

Having done so, it is reasonable to conclude it would have been rational for Monzo to have contacted Mr G earlier than they did to establish the surrounding circumstances of the payments he was making – thereby giving them an opportunity to establish if it was being made for legitimate reasons or not. However, even if Monzo had reached out to establish the circumstances of the payments Mr G was making, I am not persuaded they would have uncovered the scam. I will explain why.

I have considered Mr G's interactions with Monzo, R and L during and after the scam. Monzo have provided us with seven intervention calls they had with Mr G from 8 August to 27 August 2024, where they had concerns Mr G could be falling victim to a scam. On these calls Monzo asked Mr G to confirm the purpose of the payments and he was given warnings about the risks involved within crypto investments. Monzo also asked Mr G if anyone had asked him to download any apps or software? Which Mr G replied with "No." Monzo also asked Mr G, if he can tell them a little bit about what the payment is for, to which Mr G replied with the following: *"I am an IT consultant and so I would like to do some training"*. Monzo also asked Mr G if anyone had spoken to him about investing in crypto to make money quick, and explained how the scam is typically carried out, including asking individuals to install software on their phones to control this and having an investment manager to help with the investments and the type of communication methods they use. Mr

G stated no to all the questions Monzo asked him and he said he was not being guided by anyone to make the payments he was attempting, even though the scenario fitted the scam Mr G was falling victim too.

I have also listened to calls Mr G had with R on 13 and 19 August 2024, when R had concerns about the payments he was attempting to make from his account with R. Mr G is asked similar questions to what Monzo asked him such as if he was being guided by anyone to make the payments and the purpose of the payments he was making from R. Mr G indicated no one was guiding him and he was looking to invest some money and as he is a IT consultant he would try to use some of the money for courses. R then provided Mr G with warnings about crypto investment scams and he confirmed he was not falling victim to this and was happy for the payment to go through. On the second call (19 August 2024) Mr G had with R, they again had concerns about the payment he was attempting and he was given similar warnings about crypto investment scams and asked if anyone was guiding him in making the payments or if someone had asked him for remote access to his account. Mr G denied this was the case and wanted the payment to be released, however as R had concerns Mr G was a victim of a scam the transaction was declined.

L have also provided our service with intervention calls which they had with Mr G when he was sending funds to Monzo and R to fund the scam payments. L asked Mr G questions about the payment purpose and he confirmed he was sending funds to his own account as he worked in IT consulting and this was for training courses. He also said he was making the payments for family things, such as holidays etc. Mr G confirmed he was the only one who had access to the accounts he was sending the funds too. As a result, the payments were released. L have accepted they could have asked more questions on the second intervention call and have provided a partial refund.

I will not set out the specifics of the conversation Mr G had with T, here, as he is already familiar with it. But having looked at it, it's very clear that he was being heavily coached and influenced by T from the start of the scam – which Mr G seemingly accepts. This is evident from T saying the following: *“Can you send me a screenshot?”* and *“Don’t answer the questions without showing me first.”* Mr G was then guided by T on how to answer the questions he was being asked by Monzo as part of their fraud prevention checks. The level of coaching also included Mr G informing T when he received a call from L and he was being told what to say. Mr G had also given remote access to T on several occasions and it's also clear T replied on his behalf on occasions to the questions he was asked, which is evident from the following comment from T: *“can you open your app, so I will reply to them?”*.

And so, even if I agree Monzo should have intervened earlier than they did as Mr G has mentioned, it is my assessment that it's most likely that he would have sought further guidance from T. And given he was clearly determined to make the payments to T, demonstrated by him continuing to make payments from R despite the clear scam warnings presented to him by Monzo which resulted in his account being restricted. I therefore think he would have sought guidance from T and been able to reassure Monzo that he was making the payments for legitimate purposes. But even if Monzo restricted his account earlier than they did, there appears to be no reason to think Mr G wouldn't have likewise found another payment service provider to send the funds through as he did with R when Monzo restricted his account. Ultimately, I think Mr G was being heavily coached to such a degree that I do not think Monzo could have reasonably uncovered the scam and prevented Mr G from making the payments.

For completeness, I have also looked at whether Monzo could or should have done more to try and recover Mr G's losses once it was aware that the payments were the result of fraud. But it is understood Mr G did not notify his banking providers of the fraud until September 2024, a few months after the last payment. It's a common feature of

this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. Also, the payments Mr G made to the crypto exchange had already been transferred out of his crypto wallet to T. So, I do not think there's anything that Monzo could have done differently would likely have led to these payments being recovered successfully.

It follows that, while I have a great deal of sympathy for Mr G, as I appreciate, he is the innocent victim of a scam, it is not possible to fairly direct Monzo to refund him. For the above reasons, it is my assessment that Monzo has acted fairly and so I am 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 Mr G to accept or reject my decision before 7 October 2025.

Israr Ahmed
Ombudsman