

## **The complaint**

Mr A is unhappy that Monzo Bank Ltd won't reimburse money he lost to a scam.

Mr A is represented by a third-party claims firm, but I will refer to Mr A here.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr A has explained that between October 2023 and December 2023 he made payments from his Monzo account to buy cryptocurrency which he ultimately lost to an investment scam.

Mr A says he was told about the investment from friends. He has told us he carried out research on the company, who I will refer to as "P", and was happy with the information he found. He was also added to a messaging group with other investors. He opened an account with P where he's told us he had access to a trading platform. Mr A has also explained that he opened an account with a legitimate cryptocurrency exchange platform, "K".

After making several payments he tried to make a withdrawal and it was at this point he realised he had been scammed. Mr A reported he had been scammed to Monzo. Mr A has told us he lost £11,523.77 as a result of the scam.

Mr A raised a complaint with Monzo. Monzo didn't think it had done anything wrong by allowing the payments to go through. So, Mr A brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think the payments Mr A made were unusual and so they didn't feel Monzo should have identified a scam risk. Mr A didn't agree. He said, in summary, that the payments were unusual, especially on an account which hadn't been open very long. He also explained that the payments were being made to a cryptocurrency exchange, and given the risks associated with cryptocurrency, Monzo should have questioned these payments before they were made.

Mr A's complaint has now been passed to me for review and 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'm sorry to disappoint Mr A, but I'm not upholding his complaint - for broadly the same reasons as the investigator.

Mr A has provided us with very limited information on his involvement in this scam. For example, we haven't been provided with any evidence from the cryptocurrency exchange or shown any information that the funds were sent onto the scammer. I'd usually be looking for some more evidence to show that Mr A was involved in the scam. There were also several

credits into Mr A's account from various third parties before he made some of the payments to K. So, it's not clear if all the funds lost to this scam belonged to Mr A and that he has suffered all the losses he's described. But because these points don't make a difference to the outcome of his complaint, I'm going to proceed on the basis that Mr A did suffer a loss to the scam he's described.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it doesn't cover card payments. I've therefore considered whether Monzo should reimburse Mr A under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Monzo is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

The starting point here is whether the payment instructions given by Mr A to Monzo were unusual enough to have expected additional checks to be carried out before the payments were processed. Monzo sent all the disputed payments. So, I need to decide if the transactions were concerning enough that I would have expected Monzo to have had a closer look at the circumstances surrounding them. But I also need to keep in mind that banks such as Monzo process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they are legitimate.

The account was opened just before the scam so there was no account activity prior to the transactions in question, so it is difficult for me to agree that Monzo could identify the transactions as 'out of character' for Mr A. The highest payment made in relation to the scam was £1,810.26, but the majority of the transactions were under £500. And although I appreciate that the payments may have represented a lot of money to Mr A, they were simply not of a value where I'd usually expect Monzo to be concerned that Mr A was at a heightened risk of financial harm.

I've also considered the frequency of the payments. There were some payments made on the same day but overall, they were made over a three-month period. The payments did not increase significantly in value during the scam, which is something that can happen when a customer is falling victim to a scam, so based on the circumstances I wouldn't have expected the payments to have caused Monzo concern.

Mr A has advised that Monzo should have intervened as the payments related to cryptocurrency. The payments were made to a legitimate cryptocurrency exchange. And while there are known fraud risks associated with cryptocurrency, as scams like this have unfortunately become more prevalent, not all payments related to cryptocurrency are scam related. This means that I wouldn't expect Monzo to intervene on a payment just because it related to cryptocurrency.

Mr A believes Monzo should have done more to protect him especially given the fact the payments were sent to a new payee. However, I don't find that a payment to a new payee is in itself suspicious enough to mean that Monzo should have considered that Mr A was at risk of financial harm and contacted him before it made the payments.

So, while Monzo should be looking out for signs that their customers are at risk of financial harm from fraud, I'm not persuaded the value, frequency or destination of the payments were so unusual or suspicious for Monzo to have suspected Mr A was at risk of financial harm - thereby prompting it to intervene before processing them.

Taking all of this into consideration, I don't think Monzo ought to have done more before following the instructions Mr A gave.

I understand that Mr A was experiencing some difficult circumstances at the time he fell victim to the scam and that falling for the scam has put an extra strain on his finances and his health. I'm sorry to learn about this. But I can't say that Monzo was or should have been aware that he was vulnerable or made any special adjustments for him at the time the transactions were made.

Mr A's representative has also requested compensation in addition to a refund of the scam payments made. But I can't see any reason which would suggest compensation is warranted in the circumstances of the complaint as I have not found anything to suggest Monzo have acted incorrectly.

*Could Monzo have done anything else to recover Mr A's money?*

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether Monzo could have done more to recover the funds after Mr A reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. Monzo didn't think a chargeback would have been successful in the circumstances, which I agree with. This is because Mr A received the service he had paid for when purchasing cryptocurrency.

I'm sorry to hear Mr A suffered a financial loss as a result of what happened. But it would only be fair for me to direct Monzo to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Monzo has acted fairly and so I'm not going to tell it to do anything further.

**My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 July 2025.

Aleya Khanom  
**Ombudsman**