

## The complaint

Ms M is unhappy that Monzo Bank Ltd will not refund £8,540 she lost after she fell victim to an Authorised Push Payment (APP) scam.

Ms M is represented in this matter, but for ease of reading I will refer to Ms M throughout this decision.

## What happened

The background to this complaint is well known to both parties so I will not set it out in detail here. Ms M made the following payments as part of the scam:

date	transaction	amount
22 January 2024	Authorised push payment (APP) to account held by Ms M	£5,000 (declined)
24 January 2024	Authorised push payment (APP) to account held by Ms M	£750
24 January 2024	Authorised push payment (APP) to account held by Ms M	£1,350
24 January 2024	Authorised push payment (APP) to account held by Ms M	£2,400
21 February 2024	Authorised push payment (APP) to account held by Ms M	£4,040
	<b>Total transferred out</b>	<b>£8,540</b>

In summary, Ms M fell victim to an investment scam. Ms M says she was facing difficult personal circumstances at the time she was scammed and needed to make more money. Ms M says a long-standing friend introduced her to an investment site in January 2024. She says she saw an advert promoting the site featuring a well-known celebrity and she had also seen positive reviews on Trustpilot. Ms M says this led her to have confidence that the investment site was genuine.

Ms M says she had a long conversation with the scammer and was persuaded to start investing. The scammer advised Ms M to setup a Monzo account and to download Anydesk so he could provide assistance with placing trades. Ms M was then instructed to move the money from her Monzo account to another account she had opened. From there, I understand the money was used to buy cryptocurrency and transferred on to the scammer.

The scammer remained in regular contact with Ms M and she was persuaded to add more

money on 21 February 2024 to pay 'fees' that the scammer claimed needed to be paid before her money and 'investment growth' could be released. When she didn't receive any money Ms M realised she had been scammed and contacted Monzo.

Monzo said that although it was sorry Ms M had fallen victim to this scam it didn't think it needed to reimburse her for the money she had lost as it didn't think it had acted incorrectly.

Our investigator did not uphold Ms M's complaint. They noted that Monzo had spoken to Ms M twice as it had concerns about the payments she was making. In the call recordings provided to this service our investigator noted that Ms M told Monzo that she hadn't received any guidance from a third party and hadn't been asked by anyone to set up an account with Monzo. Ms M told Monzo she was transferring her money from Monzo to another bank account in order to fund the set up of a new business with a friend and went into detail about the new venture. In view of the detailed explanation Ms M had provided, our investigator said they didn't feel Monzo had a legitimate reason to block the payments.

Ms M did not accept the investigator's view and asked for her complaint to be considered by an ombudsman. In summary she said she had intended to transfer the money to another account for the reasons she had given to Monzo (to meet the set-up costs of a new business) but had changed her mind after she had spoken to Monzo and instead decided to invest the money. She also said Monzo had not told her to notify it if her reasons for making the payments changed.

### **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.

Having done so, I have reached the same view as our investigator and for much the same reasons. I'll explain why.

It is not in dispute that Ms M made and authorised the payments. At the time she made the payments, Ms M believed she was making payments to fund a legitimate investment. I don't dispute Ms M was scammed and she wasn't making the payments for the reason she thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017. So, in the first instance Ms M is presumed liable for her loss.

But there are other factors that must be considered. Taking into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time, I consider it fair and reasonable that in January 2024 Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a

payment;

- have been mindful of – among other things – common scam scenarios, how fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

Having carefully considered this complaint, I don't think Monzo can fairly be held liable for the payments. I'll explain why.

Ms M had only just opened her account with Monzo at the time of the scam so it didn't have an account history that would have allowed it to reach a view on whether the payments Ms M made were out-of-line with her normal pattern of transactions.

When Ms M instructed Monzo to make the first payment of £5,000 on 22 January 2024 it blocked the payment and contacted Ms M to say that it had frozen her account while it looked into the transaction. Ms M chased Monzo the following day. She said she was unhappy that she was unable to withdraw her own money. Monzo sent Ms M the following risk warning:

*Be wary of adverts online and on social media promising high returns on investments. Social media platforms are not legitimate trading platforms.*

*Scammers will fake earnings to make it seem more believable.*

*Most firms advertising and selling investments in crypto assets are not authorised by the Financial Conduct Authority (FCA). You should always be able to check if the trading/ investment company are registered with them. Here is a link to the register([https:// register.fca.org](https://register.fca.org)).*

*Scammers will tell you that profits are guaranteed, this is a scam.*

*Legitimate investments will never guarantee a profit.*

*Fraudsters will go to great lengths to convince you they are not a scam.*

*Remember, if something sounds too good to be true, it probably is.*

*Scammers will try and get you to open up new bank accounts and move money between them.*

It also warned Ms M:

*Just so you know, if you've intentionally failed to provide us with information we've requested, or misrepresented information that results in you sending a payment which you later report to us as being fraudulent, we won't be able to reimburse any money lost. We ask questions and request information to keep you safe from fraudsters, and we'd never tell you to ignore our questions or tell you how to answer them.*

Monzo then spoke to Ms M twice on 23 January 2024, about the £5,000 payment she wanted to make. In the first call Ms M told Monzo that she hadn't been instructed by a third party to open her account with Monzo.

However, the WhatsApp chat Ms M had with the scammer shows that Ms M was instructed to open the account with Monzo, The chat dated 22 January 2024 at 13.32 says:

*the best is that you open monzo bank, you can download the app*

Monzo also asked Ms M why she was moving her money to another account and noted that the bank Ms M was moving the money to was often linked to investment trading. Ms M reiterated that she wasn't moving the money to invest it and said the bank had been chosen as it was suitable for the new business she was setting up.

Ms M explained in detail why she was transferring the money from her Monzo account to another account held in her name. She said it was to fund the set-up costs of a new business with a former colleague. However, I note that in the WhatsApp chat Ms M had with the scammers at 17.02 on 22 January 2024 the scammer asked:

*do you have the funds in Monzo?*

I appreciate that Ms M says she decided to invest her money – rather than put it towards a new business venture with her former colleague - **after** she had spoken to Monzo on 23 January 2024. But the WhatsApp records that have been provided to this service show that Ms M's recollection is incorrect and she had discussed opening the Monzo account with the scammer and moving her money **before** she spoke to Monzo on 23 January 2024.

In particular, at 17:22 on 22 January 2024 the scammer messaged Ms M:

*Now we need the funds in monzo and than we move it to [name of bank Ms M sent the money to] to buy bitcoin and then we can move it to [scam platform]*

In view of this, I think Ms M did mislead Monzo when she said there had not been any third party involvement in her decision to open an account with it and when she said she was moving the money to another account in order to fund a new business venture.

After Monzo had spoken to Ms M for the second time it unblocked Ms M's account and said that she could make the payment if she still wanted to do so.

I think that as Ms M had given Monzo a detailed and specific cover story, there were no grounds for it to block the later payments as Ms M had confirmed to Monzo that she needed to make the payments to buy equipment for the new business she was setting up. The subsequent payments were all to the same account, held in Ms M's name. I note Ms M also told Monzo that she would be sending the money 'in increments', and this is what she then did.

As Ms M had provided a specific and detailed explanation for the payments I don't think Monzo had any reason to suspect that this was not the true purpose of these payments.

I am also mindful that the WhatsApp chat indicates that Ms M was being directed by the scammer to mislead the bank she transferred the funds from to her Monzo account. In the chat it said

*22/01/2024, 17:44 – [Ms M]: [name of bank] Fraud department are asking what the funds are for*

*22/01/2024, 17:44 – [scammer]: you sent it to monzo?*

*22/01/2024, 17:45 – [scammer]: say that you want to work with monzo bank its a lot easier for you*

*22/01/2024, 17:45 – [scammer]: you like their bank*

This indicates that Ms M was instructed by the scammer to mislead her bank and did not

answer truthfully when Monzo asked her about any third party involvement. When asked by Monzo about third party involvement, she said:

*Nobody has contacted me at all, it is simply a venture I am doing with an ex-colleague.*

Having carefully considered this complaint I am satisfied that Ms M did mislead Monzo about the reason she was moving her money to another account. I think Monzo took adequate steps to try to uncover the reason Ms M was making the transfers and gave suitable fraud warnings to alert Ms M to the possibility that she might be being scammed.

So, in the overall circumstances, I don't think Monzo needed to do more before it processed these payments. I think it took adequate steps to warn Ms M about possible scams and to establish – in two separate calls – why Ms M was transferring money to another account.

### Recovery

I have also considered whether Monzo did what we would expect to try to recover Ms M's money once it was told about the scam.

As I set out above, Ms M transferred the money to a legitimate account held in her name. From there, I understand she purchased cryptocurrency and in-line with the instructions she received from the scammer and then transferred it to their control. If Monzo tried to recover the money, it could only have tried to recover it from Ms M's own account. It appears that the money had already been moved by the time the scam was uncovered. If it had not been moved, then Ms M would have been able to access it. In view of this I cannot say that Monzo acted unfairly when it considered recovering Ms M's money.

Having carefully considered this complaint I do not think Monzo needs to refund any money to Ms M. I'm sorry Ms M has lost this money and I can understand why she would like to be compensated for her loss. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Monzo can be held liable in the circumstances of this case.

### **My final decision**

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 26 September 2025.

Suzannah Stuart  
**Ombudsman**