

## **The complaint**

Mr M complains about the actions of Monzo Bank Ltd when they lost money to a scam.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Towards the end of 2023 Mr M received a message on his phone from third-party he'd never met out of the blue. After continuing the conversation, they started to talk about Crypto investments. The third-party then introduced Mr M to a merchant's platform and a genuine crypto exchange. Mr M decided to start investing from another account he held with another bank – I'll refer to here as D. However, after making some payments from D, the payments were stopped. As a result, Mr M was told by the third-party to open an account with Monzo and started moving his money to that account before sending it on to the crypto exchange and subsequently to the merchant.

After he saw that his account had built up a value of \$147,000, he tried to start making some withdrawals. However, Mr M was then given multiple reasons to provide fees to release his funds. Mr M then realised that he had been scammed.

Our investigator didn't think the complaint should be upheld. He said that Monzo stopped the second payment here and spoke to Mr M. However, despite the investigator thinking Monzo asked probing questions, he said that Mr M didn't respond with accurate answers. And because Mr M told Monzo when he opened the account that he was going to use it for crypto and investments he didn't think Monzo had treated Mr M unfairly by not stopping any further payments. The investigator added that Monzo hadn't treated Mr M unfairly when it couldn't recover his money because it was sent to crypto wallets in his name before being sent to the scammers.

Mr M disagreed and asked for an Ombudsman's review. He said that Monzo should've stepped in later on in the scam due to the amounts he was sending. And he didn't think it was fair to assume that he would've provided the same answers to Monzo if it had stopped one of the later payments and asked him the same questions.

## **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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr M has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board

and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mr M authorised the scam payments of around £56,000. I accept that these were authorised payments even though Mr M was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr M is presumed liable for the loss in the first instance.

However, taking into account the law, 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 in order to help protect customers from the possibility of financial harm from fraud.

Monzo's first obligation is to follow the instructions that Mr M provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Monzo to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Monzo to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Monzo to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

I've thought about whether Monzo fairly intervened here. Having done so, I agree with the investigator that Monzo correctly stopped the second payment here and asked reasonable questions. I'll explain why below.

On the call recording provided by Monzo, Mr M confirmed he was investing in crypto and that no one else was involved in him sending money to the crypto exchange. He said no one else had helped him send the money nor set up any wallets on his accounts which he had full control over. He also said that a few of his work colleagues had discussed investing in crypto with him instead of mentioning that the idea had come from someone he had met online. Mr M was given some crypto related warnings on the phone and sent some further warnings on the app at the end of the conversation covering off crypto related scams – which included being contacted out of the blue via a message.

As a result of the above, I don't agree with Mr M that Monzo should've done more here. Mr M was clear in his answers to Monzo and as a result of him not being honest, his answers stopped Monzo from being able to uncover the scam. And because of the answers Mr M gave to Monzo on the phone, I don't think this was a case where Monzo could've reasonably refused to make the payment or any other payment. I think, despite Monzo warning him and mentioning the role of third parties offering investment opportunities to its customers and those customers never being able to recover their money, Mr M was happy to continue sending the funds.

Mr M says that Monzo should've stopped the later payments here and asked him again if he could afford to lose this money. And if it had this would've made him pause and stop sending money to the scammer. I've considered Mr M's points carefully here, but even if Monzo had stopped any later payments, I don't agree that this would've made him stop and reconsider his investment. Based upon his earlier answers to Monzo, I don't think he would've likely

listened to any further interventions. And I've also considered the other conversations with D where he wasn't honest in his reasons for sending the money to his Monzo account.

Ultimately, I'm persuaded that Mr M is saying that he would've acted differently with the benefit of hindsight in this instance. And I believe that the call recordings are the more persuasive evidence here.

I've considered whether Monzo acted reasonably when it was made aware of the scam. Having done so, I'm satisfied Monzo didn't treat Mr M unfairly by not attempting to retrieve his money from the crypto exchange because Mr M has confirmed this was sent on to the scammers as per their instructions.

I appreciate this will come as a disappointment to Mr M, and I'm sorry to hear that he has been the victim of a cruel scam. I've considered his medical history, but I can't take that into consideration here as Monzo weren't aware of these issues. As a result, I'm not persuaded that Monzo can fairly or reasonably be held liable for his loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 March 2025.

Mark Dobson  
**Ombudsman**