

The complaint

Miss Z complains that Monzo Bank Ltd ('Monzo') hasn't reimbursed the funds she lost when she fell victim to a scam.

What happened

Miss Z says that she and her partner saw a video about investing through an AI trading bot. Many others had said the bot worked so they decided to invest. Miss Z's partner tried to make a payment to a cryptocurrency provider from his bank account, but the payment was blocked. He transferred funds to Miss Z's Monzo account, and she made card payments to the cryptocurrency provider of £250 and £2,100 on 18 June 2024. The £250 payment was a transaction fee, and the other payment was to fund the bot.

The bot was fake and £2,100 was lost to a scammer, who then asked for further funds. Miss Z says the £250 transaction hasn't been lost to the scammer.

Miss Z reported the scam to Monzo on 19 June 2024. Monzo said that as the loss occurred from Miss Z's cryptocurrency account, she should contact the cryptocurrency merchant. Monzo recognised it took too long to respond to Miss Z's claim and paid her £50 compensation.

Miss Z was unhappy with Monzo's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that the transaction wasn't so unusual and out of character that Monzo ought reasonably to have intervened when it was made.

Miss Z didn't agree with the investigator's findings and asked 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.

Even if I consider Monzo to be liable, I can only make an award if I'm satisfied the loss was Miss Z's. Here, the funds were sent to Miss Z's Monzo account by her partner. Given what I have said below though, I don't need to consider this point any further.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

It's not in dispute that Miss Z lost her money in a scam, and that she authorised the above payments. In broad terms, the starting position at law is that a bank such as Monzo, is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

But that's not the end of the story. Taking into account the law, regulators' rules and

guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:

- 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 banks are generally more familiar with than the average customer;
- 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 – as in practice all banks do;
- 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, enable it to do so; and
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape and the different risks these can present to consumers, when deciding whether to intervene.

The Lending Standards Board's Contingent Reimbursement Model Code doesn't apply in this case as it doesn't cover card payments. So I can't apply its provisions here.

Should Monzo have recognised that Miss Z was at risk of financial harm from fraud?

Having considered Miss Z's statements for the 12-month period before the scam, I'm not persuaded that the £2,100 transaction was so unusual and out of character that Monzo ought reasonably to have recognised a heightened risk of harm and taken additional steps before processing it. The value of the transaction was relatively low, and a concerning pattern of payments hadn't emerged. Many similar cryptocurrency transactions are made legitimately.

There's a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. Whilst banks have an obligation to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

Distress and inconvenience

Miss Z reported the scam to Monzo on 19 June 2024. Monzo asked questions and requested evidence but didn't provide an outcome until 12 August, which was outside of its service standards. Miss Z was put to some additional inconvenience as she had to chase Monzo and was uncertain about whether funds would be returned. Monzo has already paid Miss Z £50 compensation, which I think is fair in the circumstances.

Overall, whilst I'm sorry to hear of the loss from Miss Z's account, I can't fairly require Monzo to do anything more.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 25 August 2025.

Jay Hadfield
Ombudsman