

The complaint

Mr J complains that Monzo Bank Ltd (“Monzo”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr J has explained that in May to August 2023 he made eight payments totalling £38,900 from his Monzo account as a result of what he thought was a legitimate investment.

Mr J subsequently realised he’d been scammed and got in touch with Monzo. Ultimately, Monzo didn’t reimburse Mr J’s lost funds, and Mr J referred his complaint about Monzo to us. As our Investigator couldn’t resolve the matter informally, the case 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.

Having done so, I’ve decided to not uphold Mr J’s complaint for materially the same reasons as our Investigator.

I don’t doubt Mr J has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr J has suffered his loss because of fraudsters, and this doesn’t automatically entitle him to a refund from Monzo. It would only be fair for me to tell Monzo to reimburse Mr J his loss (or part of it) if I thought Monzo reasonably ought to have prevented the payments (or some of them) in the first place, or Monzo unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I’m satisfied Mr J authorised the relevant payments. Monzo would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr J is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Monzo should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it’s not realistic or reasonable to expect Monzo to stop and check every payment instruction. There’s a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

This was a lot of money Mr J sent to buy cryptocurrency and I’d expect Monzo to have been alert here. And I can see that Monzo was alert. Monzo intervened when Mr J instructed his first payment – the one for £3,500 on 2 May 2023. Before allowing this payment through,

Monzo communicated with Mr J in the in-app chat as well as then speaking to him on the phone. I've reviewed this evidence such as listening to the recording of the conversation Monzo had with Mr J at that time. Mr J's representative has said Monzo's intervention should have been better, and I don't think this argument is completely without merit. For example, I note that Mr J made many further payments after this first one for £3,500, and on the telephone call Monzo could have more fully probed and set out the common features of cryptocurrency investment scams and how best to spot them. Unfortunately for Mr J, however, I don't think this is likely to have made a difference in this particular case.

I say this because whilst it is possible that if Monzo had gone further like this, that Mr J may have paused and ultimately not proceeded with (and lost) his payments, I think it's most likely that he would in fact still have done so. This is because I can see Monzo did provide Mr J with information about cryptocurrency investment scams. Mr J was asked whether he'd been asked by anyone to download remote access software, to which Mr J said no but this wasn't true. Monzo told Mr J that it was common for scammers to pose as investors, to make contact with their victims through social media, and to ask them to open digital wallets and send money there and then on from there to the scammers. But despite this matching how Mr J had come to be "advised" about his intended "investment", Mr J wasn't upfront about this with Monzo, but instead led Monzo to believe that he'd been advised only by a friend. He also said he understood that if things went wrong, he could afford to lose the money and that he understood the chances of Monzo being able to recover the money for him were basically zero.

As I've said, I do understand Mr J's representative's point that Monzo could have gone further in its interventions. But having reviewed all the evidence, including the communications between Mr J and the fraudsters, unfortunately it seems to me that had Monzo provided any greater friction in any of these payments going through, it's most likely Mr J would still have proceeded with the payments anyway given Monzo had already given Mr J pertinent information that ought to have concerned him but didn't make a difference. I'm not persuaded from what I've seen that Mr J would have been open enough with Monzo, or not under the spell of what the scammers were at that stage telling him, to not have proceeded anyway. Whilst there are certainly cases where proportionate interventions in scam payments like this ought reasonably to be able to prevent losses to fraud, I'm sorry to say I'm not persuaded this case is one of them. This means in this case I'm not persuaded I can fairly say Monzo unreasonably failed to prevent the payments.

The scam payments were sent from Monzo to Mr J's crypto wallet, from where I understand they were then moved onto the scammers before Mr J realised he'd been scammed. So unfortunately there wouldn't reasonably have been anything Monzo could have done, when Mr J reported to Monzo that he'd been scammed, to recover these funds for him.

I'm sorry Mr J was scammed and lost this money. But despite my natural sympathy, I can't fairly tell Monzo to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 April 2025.

Neil Bridge
Ombudsman

