

The complaint

Mrs M complains that Monzo Bank Ltd (Monzo) won't refund money she lost in an investment scam.

What happened

What Mrs M says:

Mrs M saw an advert on Instagram for someone selling an online business course. She signed up to it, and at first it covered learning about ways to make businesses more successful.

But as part of the course, she was then passed to someone who introduced her to the opportunity to make investments – this was said to be part of the course.

Mrs M was shown the website of an investment firm. It was professional and she felt the scammer was supportive and helpful. Communications were by WhatsApp.

Mrs M was told the scammer would invest money on her behalf. She was told the more she invested, the more money she could make - as she upgraded to higher levels of returns.

Mrs M made the following payments to her crypto wallet and then the money was transferred to the scammers:

Date	Payment	Amount
15 June 2023	Debit card to crypto exchange	£1,000
16 June 2023	Debit card to crypto exchange	£3,500
20 June 2023	Debit card to crypto exchange	£2,000
20 June 2023	Debit card to crypto exchange	£1,000
Total		£7,500

Then, when Mrs M wanted to withdraw funds, she was told she needed to pay a large fee to do so – which she didn't have. She then realised this was a scam.

Mrs M had been left devastated by her losses, which were all her life savings. She is now in severe financial hardship. She has become anxious and depressed, suffering from sleepless nights.

She says Monzo should've intervened and protected her but didn't. She says the payments

were out of character for her; were connected to a crypto currency purchase; led to a rapid depletion of funds; and there were multiple payments. These were all signs of a scam and Monzo should've intervened and stopped the payments.

Mrs M says Monzo should refund the payments she made, plus interest at 8% per annum and compensation of £300.

What Monzo said:

Monzo didn't refund any money. The firm didn't issue a final response as Mrs M took her complaint to a third-party claims firm to pursue.

In its evidence to us, Monzo said:

- The firm wasn't liable as the payments were properly authorised by Mrs M, and were sent to an account in her name at the crypto exchange; and it was from there that her losses occurred.
- She should've been aware that trading in crypto currency was high risk and unregulated.
- It is impossible for Monzo to guarantee the prevention of every scam. In most cases, customers are buying crypto currency for legitimate purposes.

Our investigation so far:

Mrs M brought her complaint to us. Our investigator upheld it and said Monzo should refund the money from the payment for £3,500, plus interest at 8% per annum. This was because:

- The payments were out of character for Mrs M. The largest payment made by Mrs M before was for £1,000.
- The payments were preceded by credits to Mrs M's account.
- They were known to be connected to purchase of crypto currency.
- No tailored warnings were given to Mrs M by Monzo.
- All this meant that Monzo should have seen that a scam was taking place and they should've intervened – if they had done so, the scam could've been prevented.

She said Mrs M should share her losses with Monzo as:

- She didn't carry out due diligence into the company she was involved with.
- Social media isn't a reliable source to get financial advice.
- In the WhatsApp chats with the scammer, Mrs M said she was sceptical it was a scam, but still went ahead.

So, our investigator said Monzo should refund 50% of £6,500 (£3,250) plus interest at 8% per annum.

Monzo didn't agree with our investigator and asked that an ombudsman look at Mrs M's complaint.

I reached a provisional decision which didn't uphold Mrs M's complaint:

I'm sorry to hear that Mrs M has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. So although she didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is 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 anti-money laundering, countering the financing of terrorism, and 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 make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs M when she made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. Monzo hasn't signed up to the Code, but they follow its principles. That said, it applies to faster payments made to another UK beneficiary– and in this case, the payments were made by Mrs M to her own crypto wallet. So it doesn't apply in this case. I have therefore looked at this complaint using general Authorised Push Payment considerations.

I looked at Mrs M's account, and it's fair to say that the payments were fairly unusual compared to the way in which she used her account – which was to make day to day expenditure of low value, usually by debit card and for international purchases.

But I must decide whether it is fair to have reasonably expected Monzo to have intervened in the payments in question. And on the balance of evidence and in the circumstances of this complaint, I don't think I can have expected Monzo to do so. I say that as:

There's a balance to be made: Monzo has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

Also, there hadn't been a pattern established – certainly by the time of the second payment (which our investigator says should have been flagged). I accept that the payments were to a known crypto exchange and were therefore connected with the purchase of crypto currency. But equally, we can't reasonably expect Monzo to intervene in every such payment, for the reasons given – and their customers make many legitimate payments for crypto purchases.

I then considered whether there had been a pattern established by the third and fourth payments on 20 June 2023. And it is reasonable to say there had been – but equally, these payments were for a far lower value, and therefore I don't think it is reasonable to ask Monzo to refund those payments either.

From the evidence I've reviewed, there were no other clear, concerning or contradictory factors in the information available to the business at the time of the payments – which might otherwise have led to Monzo's intervention.

Recovery: We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Monzo took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

And here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover.

Mrs M has lost a lot of money. She's explained why the money was important to her, and the impact her losses have had. I was sorry to learn of her circumstances. She will therefore be disappointed by my provisional decision, but I'm not going to ask Monzo to do anything here.

Responses to the provisional decision:

Monzo made no comments, but Mrs M did. Through her advisors she said that Monzo should've intervened on 16 June 2023 when the larger payment of £3,500 was made – as this differed from the previous payment and was a substantial increase in spending. So, Monzo's fraud systems should've picked that up.

I now need to consider these points and make 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.

I looked at Mrs M's complaint again, and particularly how she used her account. I agree that the payments were larger than she typically made. But, I still think that it isn't reasonable to have expected Monzo to have intervened in the way she argues.

I say that as while I accept this was a lot of money to Mrs M, the payments in question were in fact fairly low value ones. And for the reasons I gave, in the circumstances of this case, we can't expect Monzo to have reasonably intervened.

Therefore, my final decision is unchanged from the provisional decision. **(continued)**

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 24 February 2025.

Martin Lord
Ombudsman