

The complaint

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

Mr R is being represented by a claims management company but for ease of reading I'll only refer to Mr R.

What happened

In August 2023 Mr R was contacted via a message on a social media platform and introduced to a person representing a merchant. Mr R was then persuaded to start investing and was given instructions on how to move his money via his crypto wallets to the merchant's crypto wallets. In total Mr R sent around £86,119.38 from his Monzo account. Unfortunately, Mr R realised he had been scammed when he was asked to pay 'taxes' so he could withdraw his profits. So, he made a claim to Monzo to ask for his money to be returned.

Monzo considered the claim but said it wouldn't be offering Mr R a refund as it hadn't done anything wrong. Unhappy with this response Mr R brought his complaint to this service.

Our investigator didn't think the complaint should be upheld. He said that Monzo did stop one of the payments here and spoke to Mr R. However, despite asking some reasonable questions about the reasons why Mr R was making the payments, Monzo wasn't given truthful answers. As a result, he didn't think Monzo reasonably could've done anything further here.

Mr R disagreed and has asked for an Ombudsman's review. He said that Monzo didn't ask open and probing questions and failed to hold his answers up to a reasonable standard of scrutiny. If it had done so, it would've uncovered the scam and he would've listened to any warnings he was given. He added that he didn't see the fake trading platform as a third party which is why he answered Monzo's questions the way he did.

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 R 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 R authorised the scam payments of around £86,119. I accept that these were authorised payments even though Mr R 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 R 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 R 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.

On the call recording provided by Monzo, Mr R confirmed he was investing in crypto, had been doing so for several years and that this payment was all part of the same thing. He confirmed that no one else was involved in him sending money to the crypto exchange and no one else had helped him send the money nor set up any wallets on his accounts which he had full control over.

I've heard that towards the end of the call Mr R confirms that he hasn't gone through any third-party companies when attempting to make this payment. Mr R has said to this service that he didn't understand the question here, but I don't agree. It was a clear question and Mr R answered it assuredly so that the call handler was of the understanding that he was sending this money without anyone else involved. However, the answer he gave wasn't correct. He was messaged on social media and introduced to a third-party merchant (the scammer) who told him where to send the money. Mr R didn't sound confused on the call – he was clear in his answers and sounded confident in his actions when speaking to the call handler.

Additionally, he then made references to hoping to send £13,000 later that day and wanted to know if this would be allowed. The call handler asked if there was any urgency in sending the money and if he had been promised anything. To which Mr R responded clearly that there was no urgency, he wasn't dealing with anyone else (which he repeated a few seconds later) and hadn't been promised anything. So, I don't agree that he misunderstood the questions he was being asked.

Ultimately Mr R's answers led Monzo to think that there were no third parties involved here and that he was investing by himself. Although Crypto is unregulated, it's not uncommon for people to still make genuine payments for individual investments to genuine crypto exchanges – the impression Mr R gave Monzo here.

As a result of the answers it was given, I don't think it was unreasonable for Monzo not to stop any further payments. And even if it did – I don't agree with Mr R that he would've likely given different answers or listened to any scam warnings based upon the call recording I've

listened to. I'm satisfied he was happy with what he thought at the time was a genuine investment opportunity.

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 R unfairly by not attempting to retrieve his money from the crypto exchange because Mr R has confirmed this was sent on to the scammers as per his instructions.

I appreciate this will come as a disappointment to Mr R, and I'm sorry to hear that he has been the victim of a cruel scam. I've considered the consumer duty here, but I don't think I can reasonably say that Monzo's actions have led to an unfair outcome for Mr R here for the reasons I've already explained. 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 R to accept or reject my decision before 10 March 2025.

Mark Dobson
Ombudsman