

The complaint

Mr O complains that Monzo Bank Ltd won't refund money he lost when he was a victim of a crypto investment scam.

Mr O is represented by a firm I'll refer to as 'W'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2024 Mr O fell victim to a crypto investment scam – with a crypto investment company that I'll refer to as 'D'. As part of the scam, Mr O purchased crypto from a legitimate crypto provider before forwarding it on to D's trading platform. Mr O made about a dozen payments to the legitimate crypto provider totalling nearly £45,000 from his Monzo account between 28 July and 20 August 2024.

Mr O realised he had been scammed when, despite paying fees to withdraw his funds, none were received. W complained, on Mr O's behalf, to Monzo on 4 November 2024. Monzo didn't uphold the complaint. They said the fraud claim wasn't eligible for a refund under the Contingent Reimbursement Model (CRM) code – as the funds went to Mr O's own crypto wallet before being lost to the scam. And Monzo confirmed that the correct internal processes had been followed and referenced they had flagged an attempted transaction at the time. But Mr O explained he was an experienced trader having done it over three years, and he provided evidence indicating the payments were made to an account held in his own name.

The complaint was referred to the Financial Ombudsman, but our Investigator didn't uphold it. In short, he said:

- Monzo intervened on a £20,000 payment Mr O attempted on 28 July 2024. As part of their checks, they spoke with Mr O but he wasn't truthful when answering their questions. He also ignored relevant warnings that highlighted the common hallmarks of crypto investment scams.
- If Mr O had been honest with Monzo, they could've uncovered the scam. But Monzo's actions were proportionate to the risk associated with the £20,000 payment and he wouldn't have expected them to have done anything more.
- Mr O didn't sound distressed or under pressure in the call. Instead, he presented himself as a professional trader that knew what he was doing – and, at times, not interested in fully engaging with Monzo.
- Monzo weren't at fault for processing the payments in accordance with Mr O's instructions.
- There wasn't any realistic chance of recovery.

W disagreed. In short, they've said:

- Mr O disagrees Monzo's intervention and the warnings provided was sufficient. He doesn't recall the warnings being specifically tailored to the scam he was falling victim to – that being a fake crypto exchange. If they had, it would've resonated with Mr O.
- If Monzo had asked sufficient probing and open-ended questions, it would've uncovered the scam. In turn, a more impactful warning tailored to his situation and how he could protect himself from the risk of fraud should've been provided.
- Monzo could've done their own due diligence and asked for the name of the scam firm, thereby allowing them to check the FCA register before deciding whether to allow Mr O to proceed with the £20,000 payment.
- Monzo blocked a subsequent payment Mr O made to another legitimate crypto provider as part of his routine weekly crypto transfers. Despite Mr O requesting for the block to be removed on his account, Monzo refused. And so, had Monzo exercised the same level of scrutiny to the payments Mr O made to the scam then they wouldn't have been made. Because of this, W question why Monzo now have procedures to block accounts but failed to apply these safeguards when it was most critical.

The matter has been passed to me to decide.

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'm sorry Mr O has been the victim of a scam. I don't underestimate the impact it has had on him. I therefore understand why he'd do everything he can to try and recover the loss he's suffered. But I need to decide whether Monzo can fairly and reasonably be held responsible for Mr O's loss. And I don't think they can, I'll explain why.

Before I do, I want to reassure Mr O that I've considered everything that W, on his behalf, has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Monzo is responsible for the loss Mr O has suffered.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mr O knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Monzo are expected to process Mr O's payments, and he is presumed liable for the loss in the first instance.

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

The question then arises whether Monzo ought reasonably to have held such suspicions or concerns in relation to Mr O's payments - and if so, what might've been expected from a

proportionate intervention at that time. Further to that, where there is an interaction between a customer and a bank before a high value payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if Monzo acted fairly and reasonably in their dealings with Mr O when he made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference. I also need to decide if Monzo could've reasonably recovered the lost funds.

But for me to find it fair and reasonable that Monzo should refund Mr O requires more than a finding that Monzo ought to have intervened. I would need to find not only that Monzo failed to intervene where they ought reasonably to have done so or in the way they ought to have done - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Monzo wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold them liable for not having prevented them from being made.

Here, Monzo did carry out checks before processing a £20,000 payment Mr O attempted to the legitimate crypto provider on 28 July 2024. I think this was reasonable in the circumstances, and I wouldn't have expected them to have carried out checks before processing the prior £100 payment given its low value. I've therefore considered whether Monzo's additional checks at the time of the £20,000 payment Mr O was attempting was proportionate to the risk the payment presented.

I understand that W doesn't think it was, but I disagree. Having listened carefully to the call between Mr O and Monzo (which was about 30 minutes long), Monzo's intervention was proportionate because:

- Monzo explained the purpose of the call was to discuss the £20,000 payment due to fraud concerns. They highlighted the severity of crypto investment scams and that a lot of people are falling victim to them. And that customers often think they're investing in something genuine, but they're not.
- Monzo explained that fraudsters often:
 - try to build relationships over messaging apps, like WhatsApp.
 - Provide accounts to legitimate looking websites that can show graphs demonstrating investment performance – which is designed to build trust and convince victims they're investing wisely.
 - Tell victims what to say to banks, but nobody honest would tell someone to lie to their bank.

Here, Mr O was added to a WhatsApp group as part of the scam and provided an account on D's platform that he considered *"ran well and looked professional"*. And Mr O told Monzo, after the fraud had been reported, that he *"was told that should any bank discuss security then just tell them to authorize the money..."*.

Monzo therefore provided common features of crypto investment scams that were relevant to Mr O's situation.

- Monzo asked various questions that led to Mr O confirming:
 - Nobody was telling him to invest, but he simply wanted to invest in crypto – having about three years of experience, including investing his pension in crypto in a Small Self-Administered Scheme (SSAS). He was managing his investments himself.
 - Nobody had access to his account with the legitimate crypto provider (that was regulated by the FCA).
 - He tested the account details were correct, with the earlier £100 payment having successfully being received by the crypto provider.
 - He provided details of his prior investment experience and knowledge – both crypto and non-crypto based.
- Mr O spoke calmly and clearly. But he was insistent that he was making the payment for legitimate investment purposes, and he had no concerns about it being related to fraud. He explained he was experienced in crypto, understood the risks involved with investing in crypto and he was aware of Monzo's responsibility to carry out fraud checks having been an ex-bank manager himself. And he didn't need his hand being held as he isn't a gullible pensioner or a little old lady being scammed.
- Monzo asked Mr O to provide evidence of his prior crypto trading and his crypto account. Mr O explained the need to verify what he was telling Monzo was suggesting he was a 'liar', and that he found the call 'quite offensive' as it was making him feel 'incompetent'.

While Monzo didn't specifically highlight the possibility of fake crypto exchanges in this call, I don't think every eventuality can reasonably be covered as part of fraud prevention checks. But I think Monzo took reasonable steps to emphasise the reason for the call, highlighted some of the common features of crypto investment scams and asked appropriate questions to better understand the surrounding circumstances of the £20,000 payment Mr O was attempting. Unfortunately, however, Mr O failed to disclose to Monzo that a third-party was involved. Nor did he mention the WhatsApp group that he'd joined which led him to decide to invest. But instead, Mr O reassured Monzo that he knew what he was doing, had a significant amount of experience in crypto investing and had tested the account he was paying (so knew the details were correct). Mr O was also insistent he was investing legitimately and, seemingly, found Monzo's checks an unnecessary barrier.

Further to this call, and in addition to obtaining evidence of Mr O's crypto wallet and existing crypto assets, Monzo provided Mr O with further warnings tailored to crypto investment scams as part of their checks relating to the £20,000 payment. This included:

- *"Investment scams using online trading platforms are often promoted online and via social media channels. Fraudsters typically promise high returns to entice people to invest in their scams. The ads then link to professional-looking websites where victims are persuaded to invest, either through a managed account where the firm makes trades on their behalf, or by trading themselves using the firm's platform."*
- *Scammers often fabricate websites to show fake earnings*

Just because a company has a glossy website and glowing reviews from 'high net worth' investors does not mean it is genuine — fraudsters will go to great lengths to convince you they are not a scam. Please ensure you verify the legitimacy of any

trading platform, and log in yourself.

Check the Company Trustpilot

- *Scammers may ask you to open Crypto wallets and advise you to send the Crypto to a new address.*

If you've been asked to set up a new Crypto wallet or use one you already had, and are told to send money to the wallet, exchange for Cryptocurrency and then move it on to another wallet address, this is also likely to be a scam and you will not be able to get that money back."

Monzo then confirmed to Mr O that his account was back up and running.

I similarly think some of these warnings were relevant to Mr O's situation and ought reasonably to have resonated with him – in particular, the need to purchase crypto and move it to another wallet. The warnings also made clear the possibility of fake trading platforms.

While I'm sympathetic to Mr O's situation, I think Monzo took reasonable and proportionate steps to protect him from the risk of fraud or a scam. But sadly, Mr O failed to respond positively to the warnings he was provided. And the failure to disclose the involvement of a third party prevented Monzo from knowing the true circumstances of the £20,000 payment – thereby limiting their ability to uncover the scam. So, from what Mr O told Monzo, I think it was reasonable for them to conclude he was investing for legitimate purposes.

It follows that I think it was reasonable for Monzo to have unblocked Mr O's account to allow him to send the £20,000. And even if Monzo had carried out checks on subsequent payments made as part of the scam, which arguably ought to have happened given their value and frequency, I see no reason to think that Mr O would've responded any differently to further questioning.

W has also argued that Monzo could've done their own due diligence before allowing Mr O to proceed with making crypto payments. But even if it had come to light that Mr O was investing through D, I'm not persuaded that Monzo would've been able to ascertain D was a scam firm simply because it wasn't regulated by the FCA – as, due to the unregulated nature of crypto, this is relatively common and not necessarily indicative of only scam firms. And even if the regulatory nature of D was brought to Mr O's attention, I'm not persuaded this would've deterred him from making the payments. This is because Mr O had communicated very clearly that he understood the risks of crypto and knew what he was doing (having invested significant sums for several years). I therefore don't think Monzo can fairly be held responsible for Mr O's loss.

At which point, I note W's reference to Monzo blocking a subsequent payment Mr O made to another crypto provider (which wasn't part of this scam). And they question why Monzo didn't apply this safeguard when it was most critical. While I've considered this, I think it's relevant to highlight that this blocked payment occurred after Mr O reported the scam to Monzo. Consequently, I think Monzo had a greater awareness of Mr O's situation at that time as opposed to when he was making the disputed payments (which, as I've said, I think it would've been reasonable for Monzo to consider were for legitimate purposes).

In terms of trying to recover the lost funds, unfortunately, there wasn't any reasonable prospect of this. This is because Mr O had already forwarded the funds he sent to the crypto provider on to the scam. So, there wouldn't have been any funds remaining. And even if there had been, they would've been accessible to Mr O.

I have a great deal of sympathy for Mr O and the loss he's suffered. But it would only be fair for me to direct Monzo to refund his losses if I thought they were responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell Monzo to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 November 2025.

Daniel O'Dell
Ombudsman