

The complaint

Mr S complains that Monzo Bank Ltd won't refund the money he lost when he fell victim to a scam.

Mr S has been represented in his complaint by a firm of solicitors.

What happened

The parties are familiar with the background to this complaint, so I won't set it out in detail here, but will simply summarise it.

In brief, Mr S met someone on a dating site. Unfortunately, that person ultimately turned out to be a scammer. They told Mr S about an opportunity to make significant returns by investing in cryptocurrency. Mr S decided to go ahead, believing that he'd be able to double his money and then withdraw it. The scammer instructed Mr S to open an account with a cryptocurrency platform ("C"). Mr S made payments from his account with Monzo to his account with C, and then transferred it to another cryptocurrency platform before moving it to a platform run by the scammer.

But things didn't work out as Mr S had hoped. When he asked to withdraw the money, he was told he'd need to make further payments. And the scammer began to put pressure on him to invest even more. Mr S became suspicious, and some online research then revealed that the scammer's website was imitating a legitimate site.

In all, Mr S made the following payments to C:

	Date	Time	Method	Amount
1	24 December 2021	12:27	Debit card	£504.49
2	26 December 2021	16:21	Debit card	£504.49
3	27 December 2021	17:13	Debit card	£344.49
4	27 December 2021	00:34	Debit card	£354.49
5	28 December 2021	17:43	Debit card	£844.49
6	31 December 2021	15:46	Debit card	£834.49
7	31 December 2021	15:59	Debit card	£1,507.50
8	5 January 2022	16:37	Faster payment	£4,773.75
9	6 January 2022	11:37	Faster payment	£2,763.75
			Total	£12,431.94

One of our investigators considered the complaint and thought it should be upheld in part. In summary, he thought that if Monzo had intervened appropriately, Mr S wouldn't have made

the final two payments to the scammer. But he thought that there were various factors that meant that Mr S should share responsibility for his loss. So he recommended that Monzo pay Mr S 50% of the final two payments, with interest on the refund.

Mr S accepted the investigator's view, but Monzo disagreed, so the complaint's been passed to me.

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'd like to say straight away that I was very sorry to hear that Mr S fell victim to a cruel scam. I have a great deal of sympathy for Mr S, and realise that being the victim of a scam will have had a significant impact on him, not just financially, but because of the way the scammer took advantage of him and gained his trust.

It's common ground that the payments made to the scam were 'authorised'. Mr S made the payments to the scammer using his debit card and transfers by faster payment from his account. So even though he didn't intend the payments to end up with a fraudster, they were 'authorised' under the Payment Services Regulations. Monzo had an obligation to follow the payment instructions it received, and Mr S is presumed liable for his loss in the first instance. But that's not the end of the story.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, Monzo should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of -among other things – common scam scenarios, how fraudulent practices were evolving (including, for example, the use of multi-stage fraud by scammers) and the different risks these can present to consumers when deciding whether to intervene.

I acknowledge that Mr S's loss didn't arise directly from the payments he made from his account with Monzo. The loss occurred at a later stage. But even so, there are circumstances in which I'd consider that Monzo should have taken a closer look at the payments. Ultimately, I need to decide whether the payments were concerning enough that it would have been reasonable to expect Monzo to have a closer look at the circumstances surrounding them.

However, I also need to bear in mind that banks process high volumes of transactions every day, and I consider that there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of Monzo to consider a range of factors when deciding whether to take any additional steps before making the payments.

Mr S accepted the investigator's view not to uphold the first seven transactions, so I won't go into detail about those. But briefly, the first seven payments were spread over a week, and although the amounts that Mr S sent represented a lot of money to him, they weren't so significant in value that I think Monzo ought to have been concerned that Mr S was at risk of financial harm, or that it ought to have intervened before those payments were made.

As it was, Monzo's provided evidence that it did provide an onscreen warning to Mr S before he made payment 7. It said:

"You're sending £X to someone we can't verify. You may not be able to get your money back if this does turn out to be a scam." And Mr S confirmed that he understood that it could be a scam, that he understood the advice and risks and that he was happy to continue.

Payment 8 marked a significant step up in value from the previous payments to C. It was to a payee that had only recently been set up on Mr S's account, and it was by far the biggest payment that Mr S had made from the account in the previous year. The payment was preceded by a credit of £4,000 to Mr S's account, which was, again, atypical of the way the account had generally been used. What's more, the payment was to an account with a readily identifiable cryptocurrency provider. Taking everything into account, even though five days had passed since the previous payment, I think Monzo should have realised at this stage that there was a real danger that Mr S was at risk of financial harm.

Monzo's provided evidence that it did, in fact, provide an on-screen warning before Mr S made payment 8. It said:

"New payee warning – Could this payment be to someone trying to scam you? If you have any doubts (for example if you don't personally know the recipient), get some advice. Bear in mind that once you make a payment, it's almost impossible for us to get the money back."

But I don't think this intervention went far enough. I consider that given the factors I've outlined, Monzo could reasonably have been expected to ask Mr S some questions before processing his payment instruction. I've borne in mind that once Mr S became suspicious that he might be being scammed, he was quickly able to uncover the fact that the investment company wasn't genuine. It's unfortunate that he didn't look into this more closely at an earlier stage. But I think it likely that if Monzo had asked Mr S sufficiently probing questions about the payments, and alerted him to the danger of cryptocurrency investment scams, he'd have realised that he'd fallen victim to a scam, and would have decided not to make further payments.

I don't accept that Monzo (as it has suggested) shouldn't be held liable purely because the money was transferred to a cryptocurrency account, and the fraud happened further down the line. The FCA and Action Fraud had published warnings about cryptocurrency scams in mid-2018. And I think Monzo, as a financial services professional, would have been aware when Mr S made the payments that fraudsters use genuine cryptocurrency providers as a way of defrauding customers, and these scams often involved money passing through more than one account.

Contributory negligence

Mr S accepted the investigator's view that he should share the responsibility for his loss with Monzo, so I won't consider this aspect in detail here. However, I agree with the investigator's view and reasons regarding this aspect of the complaint. Chief among those reasons are that Mr S didn't carry out research about the investment platform when he first started making the payments to C, and he took investment advice from a stranger he'd met on a dating site and hadn't met in person. And the fact that he was told to make the final payments to the scam in order to be able to withdraw money might reasonably have been expected to alert Mr S to the likelihood that something wasn't right. And I agree that attributing 50% of the responsibility for the loss Mr S made on payments 8 and 9 is fair in the circumstances.

I've considered whether, on being alerted to the scam, Monzo could reasonably have done anything more to recover Mr S's losses, but I don't think it could. This is because the funds were sent to an account in Mr S's control, and converted into genuine cryptocurrency, so he effectively got what he paid for - and he's confirmed that he forwarded them on as part of the scam.

Mr S has told us that he borrowed £4,000 from a relative in order to make payment 8. Awards of interest on compensation in cases like this are designed to compensate the complainant for having been deprived of the use of their own money. The £4,000 didn't belong to Mr S, and he's told us that he hasn't yet repaid it. I've explained that I think that Mr S should bear 50% of the responsibility for his loss. So I think it's fair to reduce the amount on which Monzo pays interest by £2,000, being 50% of the amount Mr S borrowed to make payment 8. I've explained this to Mr S's representative, who has confirmed that they understand the position.

Putting things right

To put things right, Monzo Bank Ltd should:

- Refund £3,768.75, being 50% of payments 8 and 9;
- Add simple interest at 8% per year to the refund (excluding £2,000 of payment 8) from the dates Mr S made the payments to the date of settlement.

If Monzo is legally required to deduct tax from the interest, it should provide a tax deduction certificate if Mr S asks for one, so that that tax can be reclaimed from HMRC if appropriate.

My final decision

My final decision is that I uphold this complaint in part. I require Monzo Bank Ltd to put things right by doing as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 July 2025.

Juliet Collins
Ombudsman