

The complaint

Mr G complains, via a representative, that Monzo Bank Ltd (“Monzo”) won’t refund the money he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here.

In brief, Mr G fell victim to a scam. I will call the scammer ‘B’. B told Mr G that it was an experienced crypto trader and that it would make Mr G considerable profits if he invested with them.

Mr G made the following transactions to a crypto exchange, the funds were then converted into crypto currency and were then sent to B;

Transaction Number	Date	Amount	Transaction type
1	20 April 2020	£1,000	Card Payment
2	20 April 2020	£500	Card Payment
3	20 April 2020	£2,000	Card Payment

When Mr G wanted to withdraw his profits, he was told he had to pay a series of fees and at this point he realised he had been scammed. He complained to Monzo about this matter as he believes that Monzo should have prevented the payments being made. Monzo did not uphold his complaint.

Our investigator also did not uphold this complaint. He thought that Monzo did not need to intervene during this scam and therefore he did not think that Monzo needed to refund the transactions in question.

Mr G did not agree and therefore his complaint has been passed to me to issue 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.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position at law is that banks such as Monzo, is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Monzo sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

It isn't in dispute that Mr G authorised the disputed payment he made from his Monzo account. The payment was requested by him using his legitimate security credentials provided by Monzo. And the starting position is that Monzo ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Monzo should have done more to prevent Mr G from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

Given when the scam occurred and that crypto scams were not as well known in 2020, the transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, in my view, to be considered unusual or sufficiently out of character to have prompted an intervention from Monzo. So, I don't think that Monzo needed to intervene during the scam.

Overall, and taking everything into consideration, I don't think that Monzo could have stopped the scam. Given this, I don't think that Monzo needs to refund Mr G the transactions in question.

Finally, I should highlight that it is clear from Mr G's response to the investigators assessment that he believes that as he was scammed he is automatically due a refund from Monzo. This is not the case. As these payments were card payments, Monzo generally only needs to refund Mr G if it did something wrong and that this caused Mr G to lose money. In this case Mr G made the payments to the scammer and, given the size of the payments, Monzo did not need to intervene. So Monzo has not done anything wrong and therefore it does not need to refund Mr G.

I've also thought about whether Monzo could have done more to recover the funds after Mr G reported the fraud.

As these were card payments, the Contingent Reimbursement Model does not apply and a chargeback would not have been successful as the payments were essentially a means to pay funds into a crypto exchange and this is what happened. So there would not be any grounds for a chargeback.

I appreciate this will come as a disappointment to Mr G, and I'm sorry to hear he has been the victim of a scam. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for the losses that he said he incurred 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 G to accept or reject my decision before 5 August 2025.

Charlie Newton
Ombudsman