

## The complaint

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

## What happened

*What Mrs O says:*

Mrs O was going through a divorce and wanted to find ways to make additional money to help with its costs. She had heard that investing in bitcoin could be profitable and knew that well-known celebrity figures endorsed it. She also had friends who said they had made good profits.

She came across an advert on a social media platform and clicked on it. She was taken to a homepage for the investment firm (which I will call 'firm X').

The website showed the products and services offered, how the app looked on her phone, and 'reviews' from other clients. Mrs O looked online and could see there were some mixed reviews about firm X, but the majority were positive. Mrs O felt this was a genuine opportunity.

Someone from firm X contacted her on Instagram and impressed Mrs O with technical jargon – firm X's contact said she would be Mrs O's account manager. She said she would take a small commission with the rest of the profits being Mrs O's – and the profits would be ten times the amount invested. Mrs O set up her own account with firm X and opened an account with a crypto exchange – from there she sent money to firm X.

Mrs O sent an initial amount of 10p to test the platform. And then £1,000.

On the same day, Mrs O could see she had made good 'profits' and asked to withdraw the money. But the account manager then said she had to pay £3,000 to get money back, which she paid. But then, she was asked to pay another 'KYC verification fee' of £5,750 – she then realised this was a scam. **(continued)**

The payments made by Mrs O were:

	Date	Payment	Amount
1	14 July 2023	Debit card to crypto exchange	£0.10

2	14 July 2023	Debit card to crypto exchange	£1,000
3	14 July 2023	Debit card to crypto exchange	£2,000
4	14 July 2023	Debit card to crypto exchange	£1,000
	<b>Total</b>		<b>£4,000.10</b>

As a result of the scam, Mrs O has suffered a lot of distress, particularly as she has a young child to support.

Mrs M says Monzo should have done more to protect her. She sent £4,000 in one day - and Monzo didn't contact her or provide any warnings. She says the payments were out of character, and Monzo should have stopped the payments and contacted her – then the scam would've been prevented. She says Monzo should refund the money plus interest at 8% per annum and compensation of £300.

*What Monzo said:*

Monzo didn't refund any money. It said the scam payments were made from Mrs O's crypto account, not from her Monzo account. So, she should ask the crypto exchange to investigate and consider a refund.

*Our investigation so far:*

Mrs O brought her complaint to us. Our investigator upheld it and said Monzo should refund 50% of the third and fourth payments. She said the payments were out of character – Mrs O had only had an account since May 2023 and used it to make small payments. It wasn't her main account. The payments to the crypto exchange were then made in rapid succession and increasing in value – typical of a scam. No warnings were given by Monzo.

She said Mrs O should contribute to her losses as she hadn't carried out any due diligence into firm X and invested a lot in one day. The returns of £10,000 for an investment of £1,000 were too good to be true. So, Mrs O should've seen the 'red flags'.

Mrs O accepted this, but Monzo didn't. The bank said:

- The bank can't be expected to intervene every time a customer spends more than they normally do.
- The merchant was a well-known crypto exchange – the bank can't be expected to intervene just because a payment is linked to crypto currency.
- These were legitimate payments, and the loss occurred when Mrs O transferred the money onwards from the crypto exchange, not when she made the payments from her Monzo account.
- Monzo doesn't have the right to intervene unless there were grounds for suspicion, which there weren't in this case.

Our investigator disagreed and stood by her view. And so Monzo asked that an ombudsman look at Mrs O's complaint.

*I made a provisional decision which did not uphold Mrs O's complaint. It said:*

I'm sorry to hear that Mrs O 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 Mrs O 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 O 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, the Code applies to faster payments made to another UK beneficiary– and in this case, the payments were made by Mrs O 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.

The important matter here is whether this was a payment that Monzo might reasonably have considered unusual, and therefore whether they should've held or stopped the payments and contacted Mrs O.

I looked at Mrs O's account history with Monzo. And I don't think the payments were completely unusual for her. For example, there were two payments of up to £1,000 in June 2023 and July 2023.

And added to this, there is another important consideration here.

Which is - while I accept this was a lot of money to Mrs O, the payments in question were in fact fairly low value ones. And while I accept that there were three payments totalling £4,000 in one day - there was also nothing else about the payments that ought reasonably to have concerned Monzo.

There's a balance to be struck: 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. In this case, I think Monzo acted reasonably in processing the payments.

Mrs O has argued that Monzo should've been suspicious because of the 10p 'tester' payment she made - but I'm afraid I think that places an unreasonable duty on Monzo to suspect a scam was going on.

*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 O has lost a lot of money and at a difficult time in her life. I'm sure this will have been upsetting for her. 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:*

Neither Mrs O nor Monzo made any comments.

**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.

As neither Mrs O nor Monzo made any comments, my final decision is unchanged from the provisional decision.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 17 March 2025.

Martin Lord  
**Ombudsman**