

## **The complaint**

Miss W complains that Monzo Bank Ltd ('Monzo') declined to reimburse over £2,000.00 that was lost when she fell victim to a cryptocurrency investment scam.

## **What happened**

In the absence of any submissions from Monzo to this service, our investigator originally rejected Miss W's complaint. He didn't consider that the disputed transaction (a single debit card payment of £2,319.19 to a cryptocurrency exchange carried out on 15 September 2023) ought to have looked particularly unusual to Monzo.

The investigator explained that it wouldn't have been possible for Monzo to recover the funds sent to the cryptocurrency exchange and why a chargeback claim didn't have any reasonable prospect of success.

Miss W responded disagreeing with the outcome. She acknowledged why it wouldn't have been possible to recover the funds from the merchant paid. But she believes that Monzo should have had a system to warn customers whenever they make a payment to any online investment platforms such as the cryptocurrency exchange she paid. Miss W also said that she was sending quite a large sum of money from the account compared to her usual spend and would've been another valid reason for Monzo to have provided her with some sort of warning before allowing the payment to go through. She says that had it done so, this would've given her some concern and the whole situation would have been prevented.

Miss W also shared a published final decision upheld against Monzo. She said the case is exactly the same as hers apart from the amount lost.

In response, the investigator explained that whilst the final decision had similarities, there were also differences. In particular the size of the disputed transactions (as Miss W herself had pointed out). He also explained that her payment was also made to a legitimate cryptocurrency exchange. And with that in mind, considers it was unlikely to trigger any intervention by Monzo. But as Monzo had still yet to provide its business file, the investigator asked Miss W to provide her bank statements covering the date of the disputed transactions and 12 months prior so that he could review her account history.

Upon receipt and review of Miss W's account statements, the investigator reached a different outcome. He explained that compared to Miss W's prior account history - with spends around £300.00 and £615.00 at most in the prior 12 month period, that Monzo ought to have been alerted to the transaction of £2,319.19 and intervened. He said that he believes that an intervention could've stopped the scam.

The investigator then went on to explain why he considered that split liability would be a fair outcome and recommended that Monzo refund a total 50% of Miss W's loss plus 8% simple interest from the date of the payment to the date settlement is paid.

Monzo subsequently provided its business file. It also disagreed with the investigator's findings. In summary it said:

- It considers it unfair and unreasonable that the payment be deemed high because it is higher value than what Miss W normally spends.
- Its customers are allowed to make payments of a higher value without intervention, the payment was not overly high value in terms of normal crypto use. Customers are allowed to use their accounts as they see fit and it is also normal for customers to occasionally make higher value payments.
- It disagrees it ought to have blocked the payment and considers it inappropriate to intervene in legitimate payment journeys which could go against current Payment Service Regulations (PSRs). It also considers that it would go against the recent Phillips v Barclays court ruling.
- Miss W attempted an initial payment of £2,320.48 which was flagged as it had concerns about who was conducting the payment. As such it asked Miss W to perform an ID check to ensure that it was her.
- Once this was completed and it was confirmed this was a legitimate payment, they had no further concerns.
- Miss W then declined to make the payment of £2,320.48 before making a new payment of £2,319.19 a few minutes later.
- It doesn't consider itself liable as Miss W made a genuine payment to a cryptocurrency exchange and received the goods and services. It was from this cryptocurrency exchange her funds were lost which it has no control over.

The investigator responded to Monzo explaining that he still stands by his outcome. And having considered their submissions, believes that Monzo missed a natural opportunity to question Miss W about what she was doing, instead focusing on unblocking the account without understanding the transaction that was attempting to be made.

Miss W responds to the investigator's latest outcome disagreeing that liability should be shared. She said she's disappointed Monzo doesn't have systems in place to prevent all these losses when it has had similar complaints in the past. And though she admits she had been gullible, she tried to do her own research before proceeding with the payment. As she found the scam website online, she thought it was legitimate. She also said that she messaged others in the group chat who confirmed the profits they'd received. She says that her only fault was not understanding how sophisticated fraudsters can be. Miss W thinks its fair that she should receive a full refund.

I issued a provisional decision on 14 February 2025. In this, I said:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I'm satisfied the background to the scam at the centre of this complaint is well known to both parties. So I won't repeat them here. This isn't meant as a discourtesy but reflects the quick and informal service we provide. Though I'd like to reassure Miss W and Monzo I've read and considered everything provided by both parties in their entirety in reaching my decision.*

*Having carefully considered everything, I'm not minded to uphold this complaint – I'll explain why.*

*It isn't in dispute that Miss W has fallen victim to a scam here nor is it in dispute that she authorised the disputed transaction. She is therefore presumed liable for the loss in the first instance. However, Monzo is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of*

*fraud and made additional checks before processing payments in some circumstances.*

*In response to Monzo's reference to the Phillips v Barclays court ruling, it has already received a decision from this service fully setting out our considerations. But as I'm not intending to uphold this complaint I don't seek to address this in detail here.*

*I'm not persuaded there is anything about the disputed transaction of £2,319.19 that ought to have looked suspicious to Monzo. Miss W explained the way she uses her Monzo account. She said she just transfers the exact money she needs each time that she wants to make an online payment. So whilst the account history typically shows transactions of lower values, the account usage remained as it had done previously – that being by Miss W transferring funds into the account (from an account she held elsewhere) before going on to making a payment of similar value. And I'm not persuaded that the value of the payment alone was so large in comparison to Miss W's historic account usage that this in itself ought to have alerted Monzo to make enquires of Miss W before processing it.*

*I accept the payment was to a crypto currency exchange, but that doesn't mean payments should automatically be treated as suspicious, particularly when I'm not satisfied there were any other concerning factors about the payment.*

*That said, what we do know is that Monzo did have concerns about an initial payment Miss W was attempting to make to the same crypto currency exchange for £2,320.48 only a few minutes prior to the disputed transaction of £2,319.19. Monzo explained that it had concerns that it might not be Miss W making the payment. Monzo interacted with Miss W where she was required to identify herself and change her password so that it could secure her account and make sure that no one else had access to it. I consider that Monzo's interaction was proportionate to the risk present and that there were no other causes for concern that ought to have warranted any further intervention or questioning around the payment itself.*

*I also acknowledge that prior to the disputed transaction of £2,319.19, Miss W transferred funds of £2,500.00 into her Monzo account before returning a sum of £2,523.00 to the account the funds had just come from. Miss W has explained why she did this and that this was in relation to some instructions she was being given by the scammer.*

*I'm not satisfied that a combination of this earlier payment activity alongside the disputed transaction ought to have heightened the risk around the disputed transaction either. Monzo would have known that the funds received to the account were from an account belonging to Miss W, just as it would have also known that the funds she immediately returned were to the same account. And as I've already explained above, Monzo did interact with Miss W when asking her to identify herself which I consider was a proportionate interaction. So when Miss W put through the disputed transaction, I'm not satisfied there were any other concerning factors about it.*

*Whilst Miss W has undoubtedly been the victim of a cruel scam, I don't find there were any failings on Monzo's part that would lead me to uphold this complaint.*

Monzo agreed with the provisional decision, but Miss W didn't. In summary, she said:

- She doesn't consider Monzo's interaction of an ID check to be proportionate

- The ombudsman has previously found Monzo guilty for not possessing an appropriate system which protects its customers from scams
- She believes the relatively considerable amount of the transaction and that she was paying a cryptocurrency merchant should have been a red flag for Monzo enough to trigger their concern.
- She acknowledges she was asked to identify herself, but asking to confirm her identity is useful only when stopping somebody else from using her account, not to prevent her from being scammed.
- Other banks have measures to ask what the purpose of the payment is for before providing warnings about the existence of scammers. She believes that when cryptocurrency is involved, this measure should have been taken.

### **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, while I know how disappointing this will be for Miss W, and I'm truly sorry she's been the victim of such a cruel scam, I don't uphold this complaint. I've carefully reviewed her comments made and I'm satisfied that I've already considered these before issuing my provisional decision. Miss W's comments made are reflected throughout her interactions with the investigator before the case arrived with me to decide. And as previously mentioned, *I've read and considered everything provided by both parties in their entirety in reaching my decision.* In light of this, I see no reason to depart from the conclusions set out above.

I'm mindful Miss W has again shared a final decision in her response to my provisional decision. She had previously shared this in response to the investigator's findings. Each case is considered on its own individual merits which is what has happened with Miss W's case here. Whilst it's acknowledged there are some similarities, there are also differences for example the method of payment involved as well as the value of the disputed transactions - which she acknowledges.

Miss W has also made reference to precautions taken by other banks particularly when cryptocurrency is involved. What systems are in place will primarily depend on how a payment is carried out. In this instance, Miss W's payment was facilitated by use of her debit card via the cryptocurrency exchange. That means she was instructing the cryptocurrency exchange to *pull* the required funds from her associated bank account with Monzo. Miss W was not instructing Monzo to send (otherwise known as a *push* payment) to an account she held with the cryptocurrency exchange.

As I stated previously, Monzo had concerns that it might not be Miss W making the payment and I've explained why I consider its interaction with her was proportionate. And whilst I accept the payment was to a crypto currency exchange, that doesn't mean payments should automatically be treated as suspicious, particularly when I'm not satisfied there were any other concerning factors about the payment.

In conclusion, it remains that I don't find there were any failings on Monzo's part that would lead me to uphold this complaint. Therefore I don't think it's fair or reasonable to hold it liable for her losses.

### **My final decision**

For the reasons give above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 March 2025.

Mark O'Connor  
**Ombudsman**