

The complaint

Mr K complains that Monzo Bank Ltd ('Monzo') hasn't refunded the money he lost to an investment scam.

Mr K referred his complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mr K throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend on setting these out in detail here. However, I'll provide a brief summary of what's happened.

Between May 2023 and September 2023, Mr K made 19 debit card payments from his Monzo account, totalling £30,551, to several merchants based abroad. Mr K thought the payments related to a genuine investment, and some of the payments made were on behalf of Mr K's friends or family members who he encouraged to invest. However, unbeknownst to Mr K at the time, he was actually making payments as part of a scam.

Mr K did receive \$11,500 in returns from the investment, which were paid into another of his accounts. However, he's suffered a loss of over £20,000.

In May 2024, Mr K complained to Monzo and asked for a refund. Monzo decided not to reimburse Mr K's loss and so he referred his complaint to this service.

Our Investigator considered the complaint but didn't uphold it. In summary, they said the scam payments followed Mr K's typical payments activity and therefore weren't suspicious at the time they were made. So, they didn't think Monzo could've reasonably been expected to have intervened and prevented Mr K's loss. Our Investigator also didn't think Monzo could've done anything to recover Mr K's loss once it was aware of the scam.

Mr K didn't agree with our Investigator's opinion. He said the scam payments were international payments and therefore demonstrated a greater risk of fraud at the time they were made, meaning Monzo reasonably ought to have intervened to question them. If that had happened, Mr K thinks this would've resulted in the scam being uncovered.

As an informal agreement couldn't be reached, the complaint 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Mr K made the scam payments. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr K is responsible for them (and the subsequent loss) despite them being made as the result of a scam.

However, that isn't the end of the story. Good industry practice required Monzo to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

Mr K opened his Monzo account in December 2022, around six months before he started making the scam payments. Prior to the scam starting, Mr K's typical account activity was to deposit funds into the account, before moving them (the same day) to his digital wallet with a cryptocurrency exchange. He'd done this 31 times prior to the scam, and the payments ranged in value between £30 and £10,000. 13 of those transactions (almost 50% of all outbound payments from the account) valued £5,000 or more.

So, when Mr K started depositing money into his Monzo account because of the scam and immediately sent the funds on, he was following his typical account activity. The values of most of the scam payments wouldn't, on their own, have given Monzo any cause for concern, as these were for £2,043.33 or less. Three of the scam payments were for over £5,000, but given Mr K regularly made payments of £5,000 or more, I don't think the values of those payments were unusual or out of character.

I accept the payments went to merchants based abroad and, in some circumstances, that might indicate a greater risk of financial harm. However, I'm not persuaded that Monzo reasonably ought to have been concerned by the payments to the extent that it ought to have intervened and questioned Mr K about why he was making them. In addition to the payments activity and value following Mr K's typical behaviour, Monzo had no reported issues with the merchants at the time, so there was nothing to indicate they weren't genuine merchants. As a result, I'm not satisfied that Monzo reasonably ought to have been concerned by the scam payments and therefore can't fairly be held responsible for reimbursing Mr K.

Once it was aware of the scam, Monzo considered if it could do anything to attempt to recover Mr K's loss. As the scam payments were made by debit card, Monzo could've attempted chargebacks against the merchants. However, the scam payments weren't reported to Monzo until more than 120 days after they were made. So, Monzo didn't think the scam had been reported in time to raise chargebacks under the relevant card scheme's rules.

To my mind, it wasn't unreasonable for Monzo not to have attempted chargebacks in these circumstances. Aside from it seemingly being too late for it to do so, Mr K had fallen for a sophisticated scam. It seems likely that evidence could've been provided to defend the chargebacks, even if it wasn't legitimate. So, it seems doubtful that chargebacks would've been successful, and I don't find Monzo acted unfairly in not raising chargebacks that had little chance of success.

I appreciate Mr K has fallen victim to a scam and lost a significant amount of money, including money he invested on behalf of others – and I have natural sympathy for him. However, I'm not persuaded Monzo reasonably ought to have prevented the scam. And I don't think it could've done anything to recover the loss. As I don't think Monzo could've prevented or recovered the loss, I'm not persuaded it can be held responsible for reimbursing Mr K in these circumstances.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 December 2025.

Liam Davies
Ombudsman