

The complaint

Mr S complains that Monzo Bank Ltd has refused to refund the money he's lost as a result of a scam.

What happened

The parties are familiar with the details of the scam, so I'll simply summarise what happened here.

Mr S spotted an advert on social media for an investment platform ("P") which appeared to have been endorsed by a celebrity. He did some research online and found mostly positive reviews. So he went ahead and registered his interest in P. About ten minutes later he was called by someone who claimed to be an account manager for P. But they subsequently turned out to be a scammer.

The scammer set up an account on a fake investment platform for Mr S. On the scammer's instruction, Mr S opened an account with a cryptocurrency exchange ("C") from which to make payments to the platform. Mr S says he was able to change his password on the platform, which gave him a sense of security. And he could view his transaction history and profits.

On the scammer's advice, Mr S made an initial payment into his investment account from his account with another bank. Three days later, the scammer contacted Mr S and told him his initial deposit was performing well, and encouraged him to invest further to take advantage of the market. Mr S's research appeared to back up what the scammer told him. He says the scammer told him that if he made the transfers from his account with Monzo, they'd go through more quickly, enabling his investment to grow faster. So from then on, Mr S made payments to his account with C by faster payment from his Monzo account.

Mr S says he had difficulty using C's website on 10 May 2023 and the scammer suggested he use a digital payment platform ("W") to make further payments. Mr S set up an account with W and made ten further payments into it. In all, Mr S made the following 15 payments to his accounts with C and W. Mr S has told us they were all made on the instruction of the scammer. They were then transferred to the scam.

	Date	Type of transaction	Amount
1	23 March 2023	Faster payment to C	£10
2	23 March 2023	Faster payment to C	£990
3	6 April 2023	Faster payment to C	£1,000
4	12 April 2023	Faster payment to C	£1,000
5	5 May 2023	Faster payment to C	£500
6	10 May 2023	Faster payment to Mr S	£500
7	10 May 2023	Faster payment to Mr S	£1,000
8	17 May 2023	Faster payment to Mr S	£1,000
9	17 May 2023	Faster payment to Mr S	£1,000
10	23 May 2023	Faster payment to Mr S	£1,000
11	23 May 2023	Faster payment to Mr S	£1,000
12	6 June 2023	Faster payment to Mr S	£1,000
13	6 June 2023	Faster payment to Mr S	£1,000
14	9 June 2023	Faster payment to Mr S	£4,200
15	12 June 2023	Faster payment to Mr S	£4,000
Total:			£19,200

Between late March and early May 2023, Mr S received three payments, totalling £554.66, into his Monzo account from C. He says he believes they may have been withdrawals early on in the scam to reassure him that he'd receive profits.

Mr S says that after he made the final payment, the scammer told him that if he withdrew all the funds from his account and then reinvested them, his money would double. He did so, and it looked as if his money had, indeed, doubled. But when Mr S tried to withdraw money, he was told he'd have to pay an anti-money laundering fee. He says he paid what he could, but was then told he needed to pay more. It was at that point that he realised he'd fallen victim to a scam.

Mr S raised a fraud claim with Monzo, but it rejected his claim. So he brought his complaint to this service.

Mr S says he didn't receive any warnings or other interventions from Monzo when he made the payments. He believes Monzo should have done more to question the payments, which he'd like it to reimburse. He says the scam has left him very anxious, and he's suffering from depression. He'd also like Monzo to pay him interest on the money he lost and £300 compensation.

Monzo says:

- No warnings were triggered when Mr S made the payments, as they were made using Open Banking.
- Open Banking can only be set up between a customer's own accounts. What's more, Mr S authorised the payments.
- The payments were all made to accounts owned and controlled by Mr S, and the payment journeys were all legitimate and didn't result in any material loss to Mr S.
- Mr S's losses occurred when he sent the money to the scammer from his accounts with third parties, without a reasonable basis for believing that they were genuine.
- It shouldn't be required to refund payments between two accounts owned and controlled by the same customer where it is only an intermediate link in a chain of transactions.
- If Mr S had felt it appropriate to recover the payments, he could have done so, given that the accounts the payments were made to were in his own name.
- It wasn't alerted to the payments until a considerable time after they were made.
- It has no legal duty to prevent fraud, and it must comply strictly and promptly with valid payment instructions. It doesn't need to concern itself with the wisdom of those instructions and this approach has been endorsed by the Supreme Court.
- It isn't subject to any legal or regulatory obligations, industry guidance, standards or codes of practice that oblige it to refund victims of APP fraud.

One of our investigators considered the complaint and thought it should be upheld in part. In summary, he didn't think the first 13 payments would have appeared particularly unusual or suspicious to Monzo. But he thought that Monzo should have been concerned about the last two payments due to their size, the fact that they were made to a payee linked to cryptocurrency and the fact that Mr S had made large payments into his Monzo account from his account with another bank on the same day the payments were made.

The investigator thought that in the light of information available to Monzo at the time, it should have warned Mr S specifically about the risk of cryptocurrency investment scams before he made the payment for £4,200 on 9 June 2023. And he thought that if it had done so, it was likely that Mr S wouldn't have gone ahead with the last two payments. So he said Monzo should refund £8,200 to Mr S, with interest from the dates the last two payments left his account until the date of the refund.

Mr S accepted the investigator's view. But Monzo didn't agree, so the complaint was passed to me.

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to Monzo on 7 February 2025. I said:

"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'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.

Although I've only summarised the evidence and arguments above, I've read and taken into account everything that both parties have provided. Having done so, based on the information received so far, I'm not planning to uphold the complaint. I'll explain why.

All 15 payments were faster payments, and were made to accounts in Mr S's own name. So the principles of the Contingent Reimbursement Model don't apply in this case. It's also common ground that the payments made to the scam were 'authorised'. Mr S knew he was sending money to his own accounts with C and W. So even though he didn't intend the payments to go to a fraudster, the payments 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.

But, taking into account relevant law, regulators 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 in 2023 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);*
- 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.*

I acknowledge that Mr S's loss didn't arise directly from the payments he made from his Monzo account. All the payments were either for the purchase of genuine cryptocurrency or were transfers to another account in Mr S's name, and the loss occurred at a later stage. But even so, there might have come a point at which I'd have considered, as the investigator did, that Monzo should have taken a closer look at the payments, given the significant risk of fraud associated with cryptocurrency investments at the time.

However, 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.

In this particular case, the first five payments were made to a cryptocurrency exchange. That might be considered a higher risk, but it doesn't follow that it would be reasonable to expect Monzo to assume that all payments to cryptocurrency platforms are automatically suspicious. And the payments weren't of an amount or frequency that I consider should have prompted Monzo to look into them more closely.

I've borne in mind that the ten payments from 10 May onwards were to an account in Mr S's own name at W, which is a digital platform that deals with both cryptocurrency and regular money. So even though Mr S had recently made payments to C, I don't think there'd have been any basis for Monzo to assume that the payments to W were necessarily to purchase cryptocurrency. The payments to W were spread over six individual days in a period of just under five weeks. On each of 17 and 23 May and 6 June 2023, he made two payments, totalling £2,000. The payments of £4,200 and £4,000 on 9 and 12 June were a step up from that. But payments of that amount from Mr S's account, while rare, weren't unprecedented. I can see from Mr S's statements that he'd made a payment of a similar size from his Monzo account in December 2022. And while I recognise they would have been a significant amount to Mr S, I don't consider that they were so much more than the previous payments that they should have prompted Monzo to take additional steps before processing them.

Finally, Mr S's representatives told us that he'd said that the money he invested in the scam was a combination of his earnings and savings. But in the course of investigating the complaint, I noticed that in the case of almost all of the payments Mr S made to the scam from 12 April 2023, there was a corresponding credit into his account with another bank. Mr S then transferred the money to his Monzo account before making the payments to C and W. I asked Mr S where that money came from. He explained that he borrowed the money from a relative. He says he was in the process of repaying the funds, but the relative sadly died.

In the circumstances, it seems that Mr S may have suffered little or no personal loss in respect of the payments from 12 April onwards. But I don't need to consider that point further here, because I'm not persuaded that Monzo should have taken additional steps before processing the payments.

It's not in dispute that Mr S has fallen victim to a cruel scam, and I was sorry to learn of this. But for the reasons I've set out, I'm not intending to uphold this complaint."

Further submissions

Monzo told us it has nothing further to add. But Mr S's representatives have provided some further comments, having reviewed my provisional decision with Mr S. They say, in summary:

- It's true that Mr S had previously made payments of a similar value, but the final two payments he made to the scam were a step up on previous transactions.
- They recognise that the account to which the payments were made was in Mr S's name, but it's common practice for scammers to have their victims open accounts with platforms such as W, in order to extract money more efficiently. W is a platform with cryptocurrency options and Monzo ought to have known this.

- By the time Mr S made the payments to the scam, Monzo should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud. Losses to cryptocurrency fraud reached record levels in 2022, and by the end of that year many high street banks had placed restrictions or additional friction on cryptocurrency purchases, owing to the increased risk of fraud.
- Given the high-risk recipient, and the escalation in payment values, there was enough to warrant intervention from Monzo.
- They're confident that Mr S would have responded openly if Monzo had intervened, and it would have been apparent that he was falling victim to a scam involving cryptocurrency.
- Taking everything into account, they consider that Monzo should at least bear responsibility for 50% of the final two payments.

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 commented in my provisional decision that it seemed that Mr S may have suffered little or no personal loss from the payments from 12 April 2023 onwards. Mr S hasn't commented on this point in response to my provisional decision. But my view remains that I don't need to look into it further. This is because having considered the further points that Mr S's representatives have made, I still don't consider that Monzo should have taken any additional steps before processing the payments.

I accept that by the time Mr S made the payments, it wasn't uncommon for scammers to persuade victims to open accounts with online platforms. But as I commented previously, a balance needs to be struck. It wouldn't be reasonable to expect a financial business to intervene in all payments that *might* be part of a scam. I need to consider whether there was enough, in this case, to indicate to Monzo that it ought to have taken further steps before processing the payments. While I accept that Monzo would have known that W had cryptocurrency options, it was also available for transactions in regular currencies. So I don't think it would have been obvious to Monzo that the payments to W were to buy cryptocurrency.

Mr S had paid a total of £2,000 to his account with W on three separate days in the weeks leading up to his final two payments to the scam. As I acknowledged in my provisional decision, the payments of £4,000 and £4,200 were a step up from previous payments to the scam. But Mr S had made payments of around £4,000 from his account before he started making payments to the scam. Taking that into account, and the fact that it wouldn't have been obvious that the payments to W were for cryptocurrency, my view remains that I can't fairly say that it was unreasonable of Monzo not to take additional steps before allowing the payments.

I'm sorry to disappoint Mr S. I acknowledge that this particular case is finely balanced. But for the reasons I've set out, my view remains that I can't fairly uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 March 2025.

Juliet Collins
Ombudsman