

The complaint

Mr A complains that Monzo Bank Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A met "the scammer" via a group chat. The scammer claimed to have an investment portfolio with "I" and that he'd make £3,700 for every £5,000 he invested. The scammer told Mr A about an opportunity to invest £10,000 in Company J, telling him to open an account with a cryptocurrency exchange, and to download AnyDesk remote access software. He told Mr A to first purchase cryptocurrency through a cryptocurrency exchange and then load it onto an online wallet.

Mr A made payments to "P" from Bank "MB" before transferring funds to Monzo and making card payments to "O" having encountered an error sending further funds to P. Between 24 July 2024 and 26 July 2024, he made four debit card payments to O for £5,000 each from Monzo.

He realised he'd been scammed when, having paid what he understood to be a withdrawal fee, he received an email demanding a further fee payment, which he discovered wasn't genuine.

He complained to Monzo with the assistance of a representative who said it should have intervened when he made the first payment. They said it should have asked Mr A why he was sending money via another account and had it done so he would have explained that O would only accept funds from Monzo, which would immediately have exposed the investment as a scam. They explained that Mr A had believed the investment was real because he'd searched google, he'd talked through the investment strategy with the scammer, he didn't think the returns were unrealistic, and J was a well-known company.

But Monzo refused to refund any of the money. It said it was unable to raise a chargeback dispute because the payments were authorised via 3DS, and the Contingent Reimbursement Model ("CRM") Code didn't apply because the payment was to an account in Mr A's own name.

Mr A wasn't satisfied and so he complained to this service with the assistance of his representative. Responding to the complaint, Monzo said Mr A paid his own cryptocurrency account and then sent money to the scam, so the loss wasn't from Monzo. It said it contacted Mr A on 24 July 2023 to ask questions and request evidence, but he didn't answer the questions honestly, so it didn't uncover the scam.

Our investigator didn't think the complaint should be upheld. He noted that during the call on 24 July 2024, Mr A said the payment was for cryptocurrency, not one was guiding or

assisting him, he hadn't been asked to download any apps or software, and he'd decided to use the platform because his friends were using it. He commented that Mr A misled Monzo which prevented it from uncovering the scam and he thought the outcome would have been the same if Monzo had intervened again.

He also commented that the advisor said that if he'd been contacted through social media or a group chat, or if someone was helping him with the investment and something sounded too good to be true, it was likely a scam. So, he didn't think further scam warnings would have made any difference.

Mr A wasn't satisfied and has asked for his complaint to be reviewed by an Ombudsman. His representative has argued that Monzo didn't question him about the end destination of the payments, how he heard about the platform, what returns he was expecting, whether he'd made any withdrawals, and whether he'd been asked to pay fees and taxes. They've also stated that Mr A was asked whether he'd downloaded any apps or software, which isn't the same as asking whether he'd downloaded remote access software, and that Monzo should have ended the call because Mr A was distracted.

They believe Monzo should have intervened when Mr A made the first payment and that there is no evidence he was coached, so it would have uncovered the scam. They accept Mr A said the platform was recommended by friends, but they've suggested its possible he'd heard about it through friends as well as the scammer. And they've argued the fact he told the scammer the investment was too good to be true doesn't mean he should've realised he was being scammed when Monzo said it to him nine days later.

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, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr A has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr A 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute this was a scam, but although Mr A didn't intend his money to go to scammers, he did authorise the disputed payments. Monzo is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

I've thought about whether Monzo could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However, Monzo ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr A when he tried to make the payments. If there are unusual or suspicious payments on an account,

I'd expect Monzo to intervene with a view to protecting Mr A from financial harm due to fraud.

Monzo declined three payment attempts on 23 July 2023 and during the call that took place the following day, Mr A said he was investing in cryptocurrency, he wasn't being assisted or advised, he hadn't been contacted on social media, and he didn't download any apps or software. Mr A's representative has argued that Monzo's questions weren't sufficiently probing, but I'm satisfied he was asked relevant and probing questions and that his responses prevented it from detecting the scam.

I'm also satisfied that he was given a relevant warning which was tailored to cryptocurrency investment scams, which he chose to ignore, and I don't think there was anything else Monzo could reasonably have done to prevent his loss. His representative has said Monzo shouldn't have called when he was at work, but I've listened to the call and don't think it was unreasonable that the call went ahead.

Our investigator has suggested there were further opportunities to intervene, but even if Monzo had intervened again, I don't think it would have made any difference because Mr A would likely have given similar misleading responses and Monzo wouldn't have detected the scam. In reaching this conclusion, I note Mr A's representative has suggested there's no evidence that Mr A was coached to lie, but I consider his responses on 24 July 2024 are evidence of how he'd likely have responded to further questions.

Finally, there's nothing to suggest Mr A would have reacted differently to a further scam warning because he went ahead with payments after being given a relevant warning, he believed the investment was genuine because the involvement of J made it seem legitimate, and it's clear he trusted the scammer to the extent he was prepared to lie to ensure the payments were processed. He was also reassured by the scammer when he queried why he'd seen negative reviews online. So, I don't think a further warning would have stopped the scam.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr A paid an account in his own name and moved the funds onwards from there.

I've also thought about whether Monzo could have done more to recover Mr A's payments when he reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Monzo) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr A).

Ms A's own testimony supports that he used cryptocurrency exchange to facilitate the payments. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchange would have been able to evidence it did what was asked of it. That is, in exchange for Ms A's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Monzo's decision not to raise a chargeback request against the cryptocurrency exchange was fair.

Compensation

The main cause for the upset was the scammer who persuaded Mr A to part with his funds. I haven't found any errors or delays to Monzo's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr A has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Monzo is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined 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 A to accept or reject my decision before 14 October 2025.

Carolyn Bonnell
Ombudsman