

The complaint

Mr P complains that Monzo Bank Ltd won't refund money he lost when he was a victim of a scam.

Mr P is professionally represented, however, to keep things simple, I'll refer to Mr P throughout my decision.

What happened

Mr P has explained that he was deceived by scammers into making the following payments towards what he thought was a legitimate investment. As part of the scam, he purchased cryptocurrency from a legitimate crypto provider before forwarding it on to the scammers.

Payment	Transaction Date	Amount
1	30 May 2024	£1.99
2	31 May 2024	£1,000
3	31 May 2024	£1,000
4	02 June 2024	£1,415
5	02 June 2024	£1,414
6	02 June 2024	£60
7	02 June 2024	£20
8	03 June 2024	£2
9	03 June 2024	£2
10	05 June 2024	£1,185
11	05 June 2024	£20
12	11 June 2024	£1,200
13	11 June 2024	£10
14	11 June 2024	£630
15	16 June 2024	£1,200
16	16 June 2024	£20
17	18 June 2024	£1,100
18	22 June 2024	£450
19	22 June 2024	£20
20	22 June 2024	£20
21	22 June 2024	£10
22	22 June 2024	£20
23	22 June 2024	£20
24	23 June 2024	£1,200
25	23 June 2024	£20
26	23 June 2024	£420
27	23 June 2024	£400

Payment 4 was refunded by the crypto provider, so the total loss Mr P suffered between May and June 2024 was calculated at £11,440.99.

Mr P said he realised he had been scammed when he asked to withdraw his funds and kept being told by the scammers he would need to pay various fees.

Mr P complained to Monzo in September 2024. He didn't think Monzo did enough to protect him from the scam – as he thought Monzo ought to have identified his payment activity as unusual and they should have provided him with effective warnings and appropriate safeguarding to prevent him from becoming the victim of a scam. Had this happened Mr P said the scam would've been uncovered and his loss prevented. Mr P said the loss should be refunded in full under the Contingent Reimbursement Model (CRM) and Authorised Push Payment (APP) requirements.

Monzo didn't uphold the complaint. They said the payments were authorised by Mr P and so, they were unable to accept liability for them. Monzo also said the payments weren't covered under the CRM code as they were made to another account registered in Mr P's name.

Our Investigator considered Mr P's complaint, but she didn't think Monzo had to do anything further. In short, she said:

- The payments weren't particularly unusual or suspicious in appearance to Monzo considering their value and Mr P's overall account activity and payment history six months prior to the scam.
- She would have only expected Monzo to have intervened if there were clear signs of unusual activity, which wasn't the case here.
- As the payments didn't flag as suspicious and there were no warnings about the crypto provider Mr P sent funds to, and as Monzo didn't speak to him about the payments, they didn't miss an opportunity to identify they were being made in relation to a scam.
- There wasn't any reasonable prospect of recovering the funds.

Mr P disagreed. In summary, he said:

- The payments were highly unusual and out of character for his typical account activity and the payments should have been flagged by Monzo.
- The payments were also being made in quick succession with five payments being made to the crypto provider in four days and should have led to Monzo intervening and providing scam warnings which would have prevented his loss.
- The payments were being made to a new payee and with the substantial amounts involved, it is reasonable to expect Monzo to implement enhanced scrutiny and verification processes to ensure the legitimacy of the transactions.
- Crypto transactions carried an elevated risk that Monzo should've been aware of.
- Monzo did not exercise the appropriate level of due diligence and intervention that the circumstances warranted.
- The payments were uncharacteristic compared to his normal transactions and were made to a new payee – with their failure to intervene demonstrating a lack of adequate protection for him.

Our Investigator considered the points Mr P put forward, but her position remained the same. She said she didn't agree the payments were of significant value or out of character for Mr P's typical account activity to indicate a risk of financial harm. The payments were also made over several weeks so this wouldn't have initially raised concerns with Monzo so she can't say they should've intervened before releasing the payments.

The matter 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.

I'm very sorry Mr P has lost a significant amount of money. But I must consider whether Monzo is responsible for the loss he's suffered. Having done so, and while I realise this isn't the outcome Mr P is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Monzo acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr P that I've considered everything he has submitted and while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Monzo is responsible for the loss Mr P has suffered.

Mr P has mentioned his payments should be refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. The CRM code however doesn't cover debit card payments, nor does it cover payments to a person's own account. I've therefore considered whether it would otherwise be fair and reasonable to hold Monzo responsible for Mr P's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr P knowingly made the payments from his Monzo account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Monzo are expected to process Mr P's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mr P to Monzo (either individually or collectively) were unusual enough to have expected additional checks being carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

The payments being disputed here were mostly of a relatively low value. And having looked at Mr P's prior account usage, I don't agree the value of the payments being disputed would have been seen as out of character for Mr P given he had made similar value payments around the same time – such as £1,960 on 14 March 2024 and £537.85 on 21 May 2024. Because of this, I don't think the payments, based on their value alone, were so unusual or suspicious whereby I would've expected Monzo to have been concerned Mr P was at significant risk of financial harm. Particularly as it's common for customers to make occasional transactions of a higher value and, as I've said, there is a balance for Monzo to

find between questioning transactions and allowing customers to use their account without unreasonable friction.

I've also considered that the payments were made to a legitimate crypto provider and crypto carries a known fraud risk that Monzo ought to have considered as part of their requirements to monitor unusual patterns of account activity to prevent potential financial crime. But while crypto providers are sometimes used by scammers to defraud their victims, it's also used by many individuals to invest in crypto legitimately, which is evident from Mr P continuing to send payments to the same crypto exchange in October and November 2024, after the last disputed payment was made in June 2024. Mr P's account also shows transactions to other known crypto providers which haven't been disputed. Because of this, I wouldn't necessarily have expected Monzo to have carried out additional checks before processing the payments simply because they were going to a crypto provider. But rather, I would expect them to take steps to protect customers that are proportionate to the identifiable risk.

As I've said, the value of these transactions wasn't inherently high based on Mr P's typical account usage. Furthermore, the payments were spread over a period of around four weeks (and not all made in rapid succession), and they didn't fully deplete Mr P's account balance or take him overdrawn (which can be indicators of potential fraud).

It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I think it was reasonable for Monzo to assume the payments here were being made for legitimate crypto purposes. And so, I think it was reasonable for Monzo to process the payments upon receiving Mr P's instruction(s).

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Mr P's losses, but I don't think they could. The only possible option for recovery here would've been for Monzo to have attempted a chargeback against the payee – that being the crypto provider. But this likely wouldn't have had any reasonable prospect of success. This is because the payments were for the purchasing of crypto which had been provided to Mr P – so he received the service he paid for.

In conclusion, while I have a great deal of sympathy for Mr P, I cannot reasonably direct Monzo to refund him. For the above reasons, I think Monzo have acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 October 2025.

Israr Ahmed
Ombudsman