

The complaint

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

Mr F is represented by a firm I'll refer to as 'C'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2022 Mr F was introduced to an investment opportunity – with a firm I'll refer to as 'S' – by a friend. This friend had been investing successfully with S for more than five months. Before investing himself, Mr F carried out checks on S by looking at a well-known review website. Mr F has explained he found a lot of good reviews, along with some bad reviews – which didn't concern him as all companies have bad reviews.

Mr F set up a trading account with S and a crypto account (wallet) with a legitimate crypto provider. As part of the scam, he purchased crypto from the legitimate provider before forwarding it on to S. Mr F made relatively low value payments in early 2022 before investing greater sums later in the year following a property sale – as he says he felt comfortable due to his prior experience with S and the person he was dealing with. The relevant transactions to the crypto provider (that have been complained about) are:

Date	Transaction type	Amount
7 January 2022	Faster payment	£50
10 January 2022	Faster payment	£500
10 January 2022	Faster payment	£400
14 January 2022	Faster payment	£1,100
21 January 2022	Faster payment	£800
11 February 2022	Faster payment	£400
4 March 2022	Faster payment	£2,000
11 March 2022	Faster payment	£1,200
18 March 2022	Faster payment	£750
29 November 2022	Faster payment	£10,000
30 November 2022	Faster payment	£10,000
1 December 2022	Faster payment	£9,500
3 December 2022	Faster payment	£10,000
4 December 2022	Faster payment	£10,000
5 December 2022	Faster payment	£9,950
9 December 2022	Faster payment	£5,000
20 December 2022	Faster payment	£10,000

21 December 2022	Faster payment	£10,000
22 December 2022	Faster payment	£10,000
24 January 2023	Faster payment	£10,000
17 February 2023	Faster payment	£9,000
Total		£120,650

Mr F's Monzo account show he received the following credits from the crypto provider:

Date	Amount
11 October 2022	£100
24 October 2022	£200
22 December 2022	£1,762.96
13 January 2023	£4,399.44
30 January 2023	£815.23
Total	£7,277.63

Mr F realised he'd been scammed when, at a point whereby his trading account showed £312,000, S's website went down and they disappeared – with all contact ceasing. Mr F spoke with his friend who similarly couldn't contact S or access their trading account.

Mr F notified Monzo of the scam on 24 May 2023. Monzo informed Mr F in September 2023 that they wouldn't be providing a refund – as the fraudulent payments came from his crypto account, not his Monzo account.

C complained, on Mr F's behalf, to Monzo on 2 January 2024. In short, they said:

- Monzo failed in their duty of care to protect Mr F from the scam – by not providing effective warnings despite having ample opportunities to do so.
- Mr F had a reasonable basis to believe S, and the investment opportunity, was genuine. This includes:
 - Mr F was recommended the investment by a friend, who he trusted implicitly, that was seeing success.
 - Mr F carried out due diligence on S and found positive reviews online.
 - S gave Mr F time to think about taking part in the investment. And he received documents and undertook Know Your Customer (KYC) checks.
 - S's website looked well made, was easy to navigate and included live trade information.
- Mr F rarely made payments over £1,000 and so, these disputed transactions should've been a red flag. Thereby prompting Monzo to speak with Mr F to discuss the payments. He would've been honest with Monzo and explained it was for investment purposes. Appropriate probing would've led to the scam being uncovered and an effective warning provided. In turn, this would've prevented Mr F's loss.
- Monzo should refund Mr F in full, pay 8% simple interest and £300 compensation.

Mr F's complaint was referred to the Financial Ombudsman. Our Investigator didn't think Monzo had to do anything further, as he didn't think Monzo could've reasonably prevented Mr F's loss. In short, he said:

- He wouldn't have expected Monzo to have been concerned about the January to March 2022 transactions. But Monzo should've questioned Mr F before processing the first £10,000 payment, as well as some of the subsequent ones.

- Even if Monzo had intervened before processing the payments, he didn't think this would've made a difference. This is because:
 - Mr F was introduced to the investment by a friend that had invested successfully for several months. So, it hadn't come from a social media advert or unsolicited contact.
 - The evidence suggests Mr F knew a number of other people investing with S – adding an air of legitimacy to the scam.
 - The evidence shows Mr F received returns from the scam – with monthly dividends stopping in February 2023. And it's clear his friends or colleagues also received returns.
 - In a conversation with S, there's a discussion that Mr F's friend (Mr H) was concerned about not receiving a withdrawal requested. Mr F was chasing this up, and this conversation happened about two weeks before he made the two £10,000 payments at the end of November. This suggests Mr H's withdrawal issue was resolved – thereby giving Mr F confidence of his ability to make a withdrawal. So, if Monzo had questioned Mr F about whether he was able to withdraw funds, he would've been able to reassure Monzo that his close friend had recently been able to.
 - Mr F spoke with another one of his banking providers when he was making a payment to his Monzo account. That conversation happened in branch and the evidence shows Mr F told this bank that he was moving money to get a better interest rate. This wasn't a true reflection of why Mr F was moving the funds, which raises the possibility Mr F might have concealed the true circumstances of his payments to the crypto provider from Monzo. Thereby making it harder for Monzo to uncover the scam.
 - He couldn't find any negative information about S that was available at the time the payments were made. So, it would've been difficult for Monzo to have concluded it was definitely a scam. Monzo could've ascertained S wasn't FCA regulated, but this doesn't mean they were operating as a scam (as many crypto providers aren't regulated by the FCA).
 - Mr F had been regularly investing in crypto for about a year before the first £10,000 payment. So, Mr F would've been able confirm he could see his investment and how it was performing.
 - The returns offered weren't unrealistic – as, although high by standard investment returns, it was realistic for crypto.
- Monzo should've provided scam warnings covering the risks associated with crypto investment scams. But he wasn't persuaded Mr F would've been positively impacted by this. So, he would've still made the payments.
- Monzo couldn't have recovered Mr F's funds.

C disagreed. In short, they said:

- Although Mr F was introduced to S by a friend, this doesn't absolve Monzo of their duty to protect him from financial harm.
- They noted that our Investigator said while S wasn't regulated by the Financial Conduct authority, many crypto providers aren't and so, Monzo wouldn't have known it was a scam. But this doesn't absolve Monzo's liability where they've failed to provide a human intervention on a payment of such high value that was out of character for Mr F.
- Because Mr F was transferring funds to a company that wasn't FCA regulated, Monzo should've at least provided warnings about the risks of dealing with such companies and questioned him on this.
- This type of warning would've given Mr F cause for concern and made him reconsider making the payment(s). It's also not unreasonable to suggest that Monzo

should've prompted Mr F to seek independent financial advice before sending the funds. Mr F would've likely followed such advice and it's likely the scam would've been uncovered.

- The returns Mr F received were after the point in which Monzo should've intervened before processing Mr F's payment(s). Therefore, he wouldn't have been able to inform Monzo, if questioned, that he'd received any substantial returns.

Our Investigator considered C's additional points, but his position remained the same. He explained that he wasn't absolving Monzo of their duty, but he took a view of what is more likely to have happened in the circumstances (had Monzo intervened). And he didn't think Monzo would've prevented Mr F from making the payments – given the friend's recommendation/success, the absence of negative information online about S and the plausible returns offered. Our Investigator also noted that Mr F had the option of speaking to a financial advisor but chose not to, and he didn't think he would've taken the step of paying for such advice just because Monzo provided a general warning about investment scams.

The matter has been passed to me to decide.

Before I proceed to explain the reasons for the decision I've reached, I note that Mr F made a significant number of other payments – that were of a low value (under £1,000) – during the above period to the crypto provider that haven't been complained about. When informing Monzo of the scam, Mr F told them *"Some of the small payments to [crypto provider] were to go on my crypto card to spend directly but the large payment I.E thousands went to the scammer"*. I've therefore proceeded on the basis of only considering the payments that C, on behalf of Mr F, complained to Monzo about (as per the above table of 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'm sorry Mr F has been the victim of a scam, and I don't underestimate the impact this has had on him – as I appreciate it is a significant amount of money he has lost. I therefore want to reassure Mr F that I've given careful consideration to his complaint and all the points put forward by C on his behalf. If, however, I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint. And here, I must consider whether Monzo is responsible for the loss Mr F has suffered. I know this won't be the outcome Mr F is hoping for but, for similar reasons as our Investigator, I don't think they are. I therefore don't think Monzo has acted unfairly by not refunding the payments. I'll explain why.

I've thought about the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following scams like this one. Here however, the payments aren't covered by it. This is because the payments were made to an account in Mr F's own name, with a legitimate crypto provider. I've therefore considered whether it would otherwise be fair and reasonable to hold Monzo responsible for Mr F'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. It isn't disputed that Mr F knowingly made the payments from his account – albeit under the direction of S – 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 F'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.

Here, I wouldn't have expected Monzo to have had sufficient reason to consider Mr F could be at risk of financial harm from fraud in respect of the January to March 2022 payments. This is because they were relatively low in value and spread over a two-month period (so not made in rapid succession). Nor was the activity unusual for how Mr F typically operated his account. This however changed by the point of the £10,000 payment on 29 November 2022. Not only was this a significant increase on what Mr F spent on his account, the payee (albeit established for some time) was a crypto provider which carries a known fraud risk that has become more prevalent in recent years. Monzo should've considered this as part of their requirement to monitor unusual patterns of account activity to prevent potential financial harm. And so, I think it would've been reasonable for Monzo to have carried out additional checks before processing this payment.

A proportionate response to the associated risk presented by the payment would've been for Monzo to have contacted Mr F to establish the surrounding circumstances of it – thereby giving them the opportunity to establish if it was being made for legitimate reasons or not.

I've thought about what would've most likely happened had Monzo done this. I've not seen anything to show Mr F was told – or that he agreed – to mislead Monzo about the purpose of the payments if questioned about them. I note that when he spoke to his other banking provider, it seems that he told them that he was transferring the money to get a better interest rate. While this might not be a perfectly accurate description of the purpose of the payment, I don't think it is entirely misleading (or shows that Mr F was being dishonest). This is because, while he was investing in crypto and not a traditional interest-bearing savings account, he was moving the funds in the hope of receiving increased returns. I therefore think it's most likely that, had Monzo asked Mr F the purpose of the £10,000 payment and the surrounding circumstances of it, then he would've likely been open and honest.

In turn, I think Mr F would've likely told Monzo that he was making the payment to invest with S. This should've prompted further questioning by Monzo – including how Mr F came across this opportunity, what checks he had carried out on S and details of the investment itself. This would've led to Mr F explaining that he had been recommended S from a close friend, that he trusted, and who had been investing successfully for some time. And that he himself had made payments earlier that year to S, having a positive experience to date which, in turn, gave him the confidence to invest more (using funds received from a property sale and after taking a break from investing with S). Mr F would've also likely told Monzo that, before deciding to invest with S, he had carried out due diligence. This included his friend showing him how S's platform worked, including the in and outgoing payments from his trading account. But also, that he'd looked at reviews of S on a well-known review website, which hadn't given him cause for concern (as, while there were some negative reviews, there were a lot of positive reviews). Mr F would've also likely explained that he would be trading in crypto, stocks and bonds. And that he had received a contract from S that stated the return of investment would be 20% or 25% for a one-year investment period.

Monzo would've likely been reassured by this. This is because Mr F hadn't come across S via an unsolicited cold call or social media (which carries known fraud risks). And his close friend had also reported success investing with S too – thereby suggesting that they were a genuine firm. Further to this, Mr F seemingly hadn't been aggressively pressured by S to invest (as demonstrated by the gap in payments and as per Mr F's testimony whereby he's explained he was given time to think about the opportunity before going ahead) and he had received a contract from S. Although the returns could be considered high for more traditional investments, it sounded plausible for crypto investing – as, while high risk, crypto

can provide significant returns. It therefore didn't sound too good to be true. Mr F had also carried out some research on S, which hadn't given him reason to suspect S might not be legitimate either.

Considering the crypto risk associated with the payment, further probing by Monzo might have been appropriate – such as whether Mr F had checked if S was regulated or if he'd been able to successfully withdraw funds. It's unclear whether Mr F checked the FCA register but, given S weren't authorised by the FCA, he wouldn't have found them anyway. However, the regulatory status of S wouldn't necessarily have put Mr F (or Monzo) on notice that it was a scam firm. This is because there are many legitimate crypto firms that aren't regulated by the FCA – particularly as crypto is heavily unregulated. Considering this risk however, and the lack of financial protections when dealing with an unregulated firm, it would've been reasonable for Monzo to have highlighted this to Mr F. And advised him to carry out further checks before proceeding and/or, as it has been suggested, obtain independent financial advice.

But even if Mr F had carried out more extensive checks on S online, from my own historical internet search, there is little to suggest it was being reported as a scam firm at that time. And so, it's unlikely that Mr F would've found anything that would've given him enough reason to question S wasn't anything but a legitimate firm – particularly given his confidence as a result of his prior experience, and his friend's success too. Furthermore, Mr F's account shows that he did receive credits from the crypto provider in October 2022. It's unclear whether these were returns from S or in relation to Mr F's other crypto activity. If it was, then Mr F would've been able to assure Monzo that he could withdraw funds from S. But even if it wasn't, then Mr F would've likely been reassured by his friend's experience – including the situation our Investigator referred to whereby Mr F was chasing up on Mr H's withdrawal. As a result, Monzo would've likely been reassured by Mr F's response that he was able to access his funds if and when he required.

Taking everything into consideration, I'm simply not persuaded that Monzo could've, by way of a proportionate enquiry, uncovered enough information to have had significant doubts about the legitimacy of S at that point in time and uncovered the scam. Neither do I think Mr F could've either – he wasn't at fault here.

Mr F went on to make further similarly high value payments over the next couple of months. It would've been reasonable to have expected Monzo to have carried out further checks before processing some of these too. But if they had, I'm not persuaded it would've made a difference. I think questioning aimed at the risks associated with crypto investments would've most likely resulted similarly – with Monzo reassured that Mr F was investing legitimately in crypto and that he'd undertaken appropriate due diligence before doing so.

The amounts being sent do certainly increase significantly towards the end of the scam (for instance, there's £30,000 sent over three days in December 2022). But Monzo would have been aware he was reinvesting a large amount of funds following a property sale and had been doing that in chunks over the course of a month. Mr F wasn't seemingly under pressure to make those payments, and the returns were still in line with what could be achieved in cryptocurrency. So, I don't think anything about the circumstances would have given Monzo cause for concern if a further conversation happened, considering what would have likely been discussed in the earlier ones.

I've considered whether, on being alerted to the scam, Monzo could reasonably have done anything more to recover Mr F's losses, but I don't think they could. This is because Mr F had already transferred the funds out of his crypto wallet to S. And so, there weren't any funds to recover from the payee – that being the crypto provider. But even if there were funds remaining, Mr F would've had access to them.

I have a great deal of sympathy for Mr F and the loss he's suffered. But it would only be fair for me to direct Monzo to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, 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 F to accept or reject my decision before 17 July 2025.

Daniel O'Dell
Ombudsman