

The complaint

Mr S complains about not getting a refund from Monzo Bank Ltd after he lost money to an investment scam. Also, about their service as he undertook the transaction with Monzo but they shifted responsibility to another bank.

What happened

Mr S explains that he has a serious health condition which sometimes affects his mental ability and, for life expectancy reasons, he has an interest in investments with high returns. Mr S saw a futures market investment on social media and, after clicking on the link and hearing positive comments from investors about returns of up to 60%, he decided to invest in an overseas company called Company F.

Mr S joined a well-known communication platform, used for chat with communities, and he decided to invest alongside many others. Mr S describes a sophisticated on-line account with Company F which, for several months, illustrated his returns were doing well and he explains that this encouraged him to invest more.

Mr S decided to pay Company F by transferring USD to its bank, which was a regulated international bank called Bank J. He didn't want to pay by cryptocurrency and was easily able to make international payment transactions as he had a pre-existing account with Firm W (an international money transfer company) which was connected to his Monzo current account.

Mr S made the following international payments to Company F's account with Bank J:

1. £239.61 on 1 July 2024
2. £197.92 on 6 July 2024
3. £328.65 on 31 July 2024
4. £330.65 on 1 August 2024
5. £330.18 on 2 August 2024
6. £467.60 on 30 August 2024
7. £233.96 on 5 September 2024
8. £408.17 on 1 October 2024
9. £1,165.08 on 1 November 2024

In November 2024, Mr S found he could no longer access the communication platform and his Company F account. He says this is when he knew he had been scammed. So, on 7 November 2024, Mr S complained to Monzo.

He meant to claim a refund for all nine payments but only submitted a claim for payment number 9 for £1,165.08. He says Monzo's system only allowed him to submit one payment.

Monzo told Mr S he should contact Firm W, as Monzo had paid Firm W who then paid the Company F.

Mr S brought his complaint to our service as he used Monzo's app, was vulnerable and feels they should've provided him with protection.

Our investigator didn't think payment number 9 or any of the other eight transactions were unusual enough for Monzo to intervene on or that they would've been able to recover his funds.

He initially thought that Monzo provided poor service and, in his view, asked them to pay £50. But he later verbally communicated that he was satisfied this wasn't the case as Payment 9 was made by Firm W.

Mr S appears to have accepted his view on the intervention but feels Monzo didn't do enough to recover his funds. He is also dissatisfied that it is unclear that Firm W do their international payments as it appears a seamless Monzo service.

So, this complaint has been passed to me to look at everything afresh.

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 should first say that:

- I'm very sorry to hear about Mr S's ill health and that he has lost a significant amount of money here.
- There is a disparity between Mr S's complaint to Monzo and that received by our service which I can't see has previously been highlighted. In his complaint to Monzo Mr S sought a refund for a payment of £1,165.08 which is payment number 9 in the above table of nine transactions. However, the complaint our service received from Mr S is for £1,65.08 plus an additional eight payments (payment numbers 1 to 8 in the table).

Although I've looked at all nine payments when considering whether Monzo should've put in place an intervention, my decision here only relates to payment 9 and whether Monzo treated Mr S fairly and reasonably when processing this payment and considering his subsequent refund request and complaint.

- I recognise Mr S considers his loss here is due to a scam. However, Monzo have said there is:

'A question mark around whether this is actually a scam, there are multiple sources online indicating the customer was paying money into a prop trading account and they went into administration/liquidation which is why the customer ended up losing money rather than something malicious taking place. It also explains why the customer didn't attempt to recover the previous payments initially.'

Whilst comments have been posted about this company being a scam, I haven't been provided with or seen any evidence from official sources to show that this is the case and Mr S's loss isn't because Company F failed. Also, some of the mentioned posts refer to having received payments. So, a key finding in this case is that currently there is insufficient evidence that Mr S has fallen victim to a scam and should be refunded.

- Although Mr S thought Monzo was making payment 9 to Company F, I'm satisfied that Monzo paid Firm W and Mr S instructed them to make the payment to Company F. This is because:

- Mr S had a pre-existing Firm W account which was connected to his Monzo account.
- Mr S initiated the payment via Firm W's app which then re-directed him to the Monzo app to authenticate a pre-populated payment (the sort code and account number along with reference would've been pre-populated for him in the Monzo app) and then pull the payment from Monzo to Firm W.
- Firm W then processed the payment using Open Banking.
- I appreciate it would've appeared to be a seamless Monzo international payment service to Mr S and that Mr S would like to see a caveat spelling out funds go through Firm F. However, as we aren't the regulator of financial services our service, I can't require Monzo to make such a change. I've noticed publicly available information from Monzo and Firm W (dated 2021) on their partnership and I think it more likely than not that a communication would've been sent out or made available.
- Monzo isn't a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code) but has explained it is committed to applying the principles set out in it. The CRM code requires firms to reimburse customers who have been the victims of authorised push payments scams. However, in addition to it not being possible to confirm this is a scam, an exception is where payments are made to an account in a customer's own name rather than another person.
- Regarding the service strand of this complaint, whilst I fully understand Mr S's frustrations at being told to speak to Firm W to try to obtain a refund, when considering how the payment was made, I also don't think it was unreasonable of Monzo to respond in this way.

For completeness I considered whether Monzo should've identified if Mr S was at risk of financial harm through fraud or scam and intervened when he made payment number 9. And if it had intervened, would it have been able to prevent the suspected scam payment taking place.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (2017) and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

It isn't in dispute here that Mr S authorised the payment to Firm W and the starting position in law is that Monzo was obliged to follow his payment instruction and Mr S isn't automatically entitled to a refund.

Firms though have a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to fraud and scams and looking out for payments which might indicate the consumer is at risk of financial harm.

However, they do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

I considered whether Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.

- Have 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Also, from July 2023 Monzo had to comply with the Financial Conduct Authority's "Consumer Duty" which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Monzo was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Monzo was also required to look out for signs of vulnerability.

However, although I'm satisfied Mr S is a vulnerable customer, I can't see that in November 2024 Monzo were aware of his health issue, which Mr S says can cause 'brain fog'. Also, if an intervention had taken place, Mr S explains how his health issue caused him to be attracted to high risk / high return investments.

With all the above in mind I considered whether Monzo should've recognised that Mr S was at risk of financial harm from fraud and put in place an intervention.

For the following reasons, I'm not persuaded that they should've:

- As mentioned by our investigator, this payment and the previous eight payments (for lower amounts) weren't for concerningly high amounts and wouldn't have stood out.
- Mr S's previous account transactions meant it wasn't unusual for him to make international payments. And he had a linked Firm W account.
- There were no obvious scam patterns for Monzo to be suspicious about, such as a high velocity of same day transactions of increasing amounts.

So, I don't think Monzo was reasonably on notice that Mr S could be falling victim to a fraud or scam and I don't consider further questioning was required.

Even if I thought Monzo ought to have been on notice about Mr S's vulnerabilities, I don't think that would have meant any of the disputed transactions should have prompted fraud checks. That's because I don't think there were sufficient indications he was at risk.

Also, if an intervention had taken place, as mentioned above, Mr S sought out high risk investments and importantly there wouldn't have been any evidence at that time that the investment was either a scam or at risk of collapsing.

Finally, I considered whether Monzo should've done more to recover Mr S's funds when he contacted them to report a scam had taken place.

When Mr S contacted Monzo, they had made the payment from his account with them to Firm W six days earlier. So, even if Monzo contacted Firm W on Mr S's behalf, unfortunately the time for them to recall the payment would've lapsed. I appreciate Mr S says that there are Company F funds still left (USD 69,000) and these have been frozen. But, from the limited information available, I'm not persuaded that Monzo would've been successful in recovering funds at the point Mr S reported it.

I realise the outcome of this complaint will come as a disappointment to Mr S but, for the reasons I've explained, I won't be asking Monzo to make either a refund or compensation payment.

My final decision

For the reasons mentioned above my final decision is to not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 August 2025.

Paul Douglas
Ombudsman