

The complaint

Mrs L has complained that Monzo Bank Limited (“Monzo”) failed to protect her from falling victim to a cryptocurrency investment scam and hasn’t refunded the money she lost.

What happened

I issued a provisional decision in February 2025 explaining why I was minded to uphold this complaint. I wanted to give everyone the chance to review my provisional findings before I issued my final decision.

Mrs L agreed with my provisional findings, but Monzo requested an extension to the deadline. I agreed to an extension, but Monzo then requested a further extension. In fairness to Mrs L I haven’t agreed to a further extension and I’m now ready to issue my final decision. I’ve explained this further in the next section.

I’ve included an extract of my provisional decision below.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mrs L has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Mrs L, but I’d like to reassure Mrs L and her representative that I’ve considered everything both parties have said.

Mrs L has explained that in May 2023 she came across an advert on social media for investment in a company which caught her interest. Mrs L looked the company up online and saw the company’s website listed near the top of the search results, which she says led her to believe it was a well-known and reputable firm. When she clicked on the website, a pop-up appeared, advertising an opportunity to invest a small amount and make a profit. The offer appealed to her, so she entered her name, phone number, and email address on the form.

Mrs L said she then carried out some further research on a well-known review site where she found positive reviews that all seemed genuine and had five-star ratings. Mrs L was then contacted by a woman “the scammer” who explained more about the opportunity. The scammer said she was based in London and took the time to talk to Mrs L about her personal life, including her children and work. Over time, Mrs L believed they had formed a friendship, and she thought the scammer had her best interests at heart.

The scammer advised Mrs L to download remote access software, explaining that it would help her navigate the investment platform. Mrs L had never invested before, so she trusted the scammer’s guidance. The scammer reassured her that using the software was normal practice and that she was there to provide support and ensure Mrs L made a profit. Mrs L was also asked to verify her identity by submitting a copy of her passport and proof of address, which added to her confidence that this was a legitimate company. She’s described how the platform itself appeared professional and showed live trades of

currencies and cryptocurrencies, which further persuaded her that it was a genuine investment opportunity.

In order to fund the alleged investment Mrs L made ten debit card payments to two different cryptocurrency exchanges. She then purchased cryptocurrency from those exchanges, and forwarded the cryptocurrency on to different wallets directed by the scammer, on the belief that she was funding her investment.

On 7 May 2023, Mrs L made her first investment, with the scammer guiding her through the process using remote access software. She saw the money reflected in her account on the platform, and the scammer assured her that she would soon see profits. Believing everything was as it should be, Mrs L continued to invest. She says that each time, she was reassured by the scammer and saw apparent profits growing on the platform.

The scammer continued to encourage Mrs L to invest more, applying pressure and persuading her that she shouldn't miss out on the opportunity. She made further payments as she's said that she had no reason to doubt the legitimacy of the scheme, as everything appeared to be going as expected.

The payments Mrs L made related to the scam were as follows:

	Date	Amount
1	07/05/2023	£749.76
2	09/05/2023	£1,000
3	10/05/2023	£1,000
4	11/05/2023	£1,500
5	15/05/2023	£1,003.42
6	15/05/2023	£480
7	17/05/2023	£2,000
8	17/05/2023	£300
9	18/05/2023	£700
10	18/05/2023	£1,500
	Total	£10,233.18

Mrs L says that on 18 May 2023 she decided she wanted to withdraw her funds from the investment. Mrs L says that when she told the scammer this, she was told she needed to pay a commission fee before she could access her money. Mrs L was shocked and refused to pay, as she couldn't afford it. She attempted to contact the scammer for an explanation, but she found that the number was blocked and all communication had ceased. She then realised she'd been the victim of a scam.

Mrs L made a complaint to Monzo on the basis that it should've identified red flags, such as large payments being made to a cryptocurrency-linked account. She says Monzo should've contacted her to question the purpose of these payments, and because it didn't, she believes Monzo failed in its duty to protect her from fraud.

Monzo didn't uphold the complaint and in its response it said that as Mrs L had made the payments to her own wallets held at legitimate cryptocurrency platforms, the fraud occurred when she transferred the cryptocurrency on to the scammer, and not when she made the debit card payments from her Monzo account. So it didn't refund what Mrs L had lost.

Mrs L remained unhappy so she referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. He said he thought Monzo ought to have intervened when Mrs L made payment four, as the combined features of the situation should've allowed it to recognise Mrs L was at risk of financial harm. He also explained he thought Mrs L and Monzo should be held jointly

liable, so he thought it was fair for Monzo deduct 50% of the refund in recognition of this. In summary, he said he was unable to find the reviews Mrs L said she saw before she decided to invest, so he wasn't persuaded that she carried out the due diligence checks that she said she did.

Monzo didn't respond to the investigator's findings but Mrs L did, explaining that she didn't agree – particularly with the deduction for her contributory negligence. She said it was entirely possible that the reviews she saw in 2023 before investing may've been removed, so she didn't agree she had been reckless and invested before carrying out the checks she said she had.

As the case hasn't been resolved it's been passed to me to make a decision.

What I've provisionally 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'm upholding Mrs L's complaint, broadly for the same reasons as our investigator, which I've set out below. But I'm issuing a provisional decision as I think things need to be put right in a slightly different way.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mrs L authorised these payments from leaving her account. It's accepted by all parties that Mrs L gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mrs L's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I'm currently intending to uphold the complaint for the following reasons:

- The payments were made to well-known cryptocurrency platforms – which was clearly identifiable from the merchant's name and presumably the Merchant Category Code ("MCC") that would've been available to Monzo when the transactions were presented for authorisation. I'd have expected Monzo to take this into account as cryptocurrency investment scams had been known to payment providers since at least mid-2018, as warnings had been published by the Financial Conduct Authority and Action Fraud. So by the time these payments were made in mid-2023 Monzo had had more than enough time to understand and digest these warnings, amongst other information about scams that was available to it.

- Mrs L had never made a payment to a cryptocurrency provider before, and her account usage in the six months prior to the scam was generally very different to the transaction values and patterns seen throughout this scam. Mrs L's account is used for much smaller transactions, rarely exceeding a few hundred pounds, and generally for day-to-day spending. The fact that she suddenly started spending in excess of a thousand pounds a day in quick succession, to a cryptocurrency provider, should've been a warning sign to Monzo.

- The payments were funded by credits into Mrs L's account, and they almost completely depleted her account balance each time. This indicates that Mrs L may've been spending beyond her means, or that she was under pressure to make the payments, and I think Monzo ought to have detected that.

- I agree that Monzo ought to have intervened from the fourth payment. By that point their

cumulative value had exceeded £4,000 in four days, and the risk they presented is exacerbated by the aggravating factors I've outlined in the points above. I'm not aware that Monzo took any steps to understand the purpose of the payments, or to provide any warnings or scam advice to Mrs L, so I think it missed the opportunity to step in and uncover the scam at that point.

Is Mrs L responsible for any of her losses?

In considering Monzo's obligations to protect Mrs L from financial harm, it's also fair for me to consider the part Mrs L played – that's to say whether her actions or inactions caused, or contributed, to her losses.

I note Mrs L's representative's comments that Mrs L did in fact carry out the due diligence checks using the review website she said she did. I understand Mrs L's concerns that reviews can be removed from the site, or edited, so she's made the point that although the positive reviews she said she saw are no longer present, this doesn't mean that they didn't exist when she checked in 2023, nor that she didn't do the checks that she said she did.

I accept that it's possible for reviews to be taken down and that Mrs L may have seen positive feedback before deciding to invest. But this doesn't fully negate my concerns about the level of due diligence she carried out before parting with her money.

Whilst I accept that Mrs L may have seen positive reviews, I still consider it unreasonable for her to have relied solely on these, particularly given the nature of the investment and the method of communication used by the scammer. I'm persuaded that a reasonable person in her position would've been more cautious, especially considering the warning signs, such as the use of a messaging application for financial transactions and the lack of verifiable independent information about the investment opportunity. I'm also not aware that she received any correspondence or documentation about what she should expect to receive in return for her investment, other than the promise of her dreams being made a reality.

That said, I do recognise that the presence of positive reviews – albeit potentially removed later – could've contributed to Mrs L's belief that the investment was legitimate. Taking this into account, I still consider it fair to reduce the level of contributory negligence attributed to her. But instead of a 50% reduction, I consider a 25% reduction more appropriate. This reflects that while Mrs L bears some responsibility for her actions, the scam was ultimately designed to mislead her, and Monzo had a greater role to play in preventing the loss.

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 thought carefully about Monzo's request for a further extension. But I'd like to set out why I haven't granted one in this case.

Throughout the life of Mrs L's complaint Monzo has had multiple opportunities to provide its response. Firstly, Monzo failed to issue a final response to Mrs L's complaint, which meant the complaint took longer to resolve from the outset.

After our investigator considered the complaint and issued their view, Monzo requested an extension to respond. This was granted, yet Monzo then didn't provide a response, delaying the case before it could be reviewed by an ombudsman.

When I issued my provisional decision, I set a clear deadline for both parties to respond. Monzo requested an extension to this deadline, which I granted, making it clear that no further extensions would be given. But on the final day of the extended deadline, Monzo requested yet another extension. Our investigator reminded Monzo that we had already stated no further extensions would be provided and asked it to send its response by the end of the day. Monzo did not do so.

Given these circumstances, and in line with the FCA's DISP rule 3.5.4R (1), I'm proceeding to issue my final decision without granting Monzo any further extensions. I am satisfied that Monzo has had sufficient opportunity to make its representations.

As Mrs L accepted my provisional findings and I see no other reason to depart from them, I uphold this complaint.

Putting things right

To put things right I require Monzo to:

- Refund 75% of Mrs L's losses, from (and including) payment four and;
- Pay 8% simple interest on each amount, from the date each payment left Mrs L's account until the date of settlement*.

*If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs L how much it's taken off. It should also give Mrs L a tax deduction certificate if she asks for one.

My final decision

I uphold Mrs L's complaint and I require Monzo Bank Limited to put things right in the way that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 14 April 2025.

Sam Wade
Ombudsman