

The complaint

Mr S has complained that Monzo Bank Ltd (“Monzo”) failed to refund the money he lost as part of an investment scam.

Mr S has a professional representative.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, my understanding is that Mr S came across a company that purported to be an investment firm that I will call B.

Mr S then made around 14 transactions totalling over £20,000 to crypto exchanges in August and September 2023. My understanding is that the funds were subsequently sent onto B. These transactions were transfers.

After some time, Mr S realised he had been scammed when he was unable to withdraw the profits that he was led to believe he’d made. Mr S asked Monzo to refund these payments, as he believes Monzo should have done more to prevent him from being scammed in the first place. Monzo did not agree with this.

One of our investigators looked into this matter and he thought that Monzo should have intervened more than it did, but he did not think that this would have prevented the scam.

Mr S did not agree with this and therefore his complaint has been passed to me to issue a decision.

Initially, it is my understanding that Monzo indicated that it did not think that our service had jurisdiction to look at the transfer of crypto. The investigator explained that whilst we could not look at the transfers themselves, we could look at the transfer of funds into the account and the conversion into crypto. Neither party objected to this, so I will not comment on it further.

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.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

Mr S's representative has written at some length about the issues that he has faced. I may not comment on everything Mr S has told us, nor every individual point raised. I want to reassure both parties that this doesn't mean I consider things unimportant, nor that I haven't reviewed everything. While I've carefully thought about all of the information on the case, I'm going to focus on what I consider the crux of Mr S's complaint and the key facts. This reflects the informal nature of our service.

It isn't in dispute that Mr S authorised the disputed payments he made from his Monzo account. The payments were requested by him using his legitimate security credentials provided by Monzo. The starting position is that Monzo ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Monzo should have done more to prevent Mr S from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

The first transactions was not individually large enough for me to say that Monzo should have intervened. That said, payment 2 which was for £4,700 on 31 August 2023 should have prompted an intervention as it represented the second transaction on the same day and combined these transactions totalled £5,700. So I think that Monzo should have been aware that Mr S was potentially at risk and I think it should have intervened.

I think an appropriate intervention would have been Monzo asking a series of questions about the payments and an appropriate warning provided based on the answers to the questions. Monzo did not do this.

So I need to consider what would have happened if Monzo had intervened. To gain an insight into how an intervention from Monzo may've played out, I have considered what happened when one of Mr S's current account providers did intervene, following similar payments leaving his account with that provider. I will call that provider H.

During Mr S's calls with H, Mr S provided misleading answers about what he was doing and the reasons he was making the payments in question. These included;

- That he was making the payments on his own volition and nobody else was asking him to make the payments. When he had a broker and was investing on the advice of them.
- Mr S said one of the payments was to send money home, when in fact it was for an investment.
- Mr S said payments for the investments were from his savings. When in fact they were from two loans. He further confirmed in the first call that the loan was taken out for home improvements - which was not correct.

- Mr S heavily implied that he was just sending funds to the exchange to buy crypto. As when asked about what he was doing, he mentioned the exchange only and never mentioned B. When he was actually intending to send the funds on to a third party, in this case the scam platform operated by B. He also confirmed that the company he was sending funds to were FCA registered, when they were not.

I am not sure if this was at the prompting of the scammer, as it seems some of the conversations between him and the scammer are unavailable. One other alternative is that Mr S was worried that if he gave the correct answers to the questions being asked, the payments would be blocked. Either way, I think it likely that had Monzo asked questions, Mr S would have given similar answers to Monzo as he gave to H. So I think there was a strong likelihood that Mr S's answers would've prevented Monzo from being able to provide a tailored warning about the risks of what Mr S was doing or from uncovering the scam.

Looking at the transactions that occurred after payment 2, I think that Monzo should have intervened further with a human intervention later on in the scam as well. But for the same reasons that I've given about transaction 2, I don't think that this would have stopped the scam.

Ultimately, Monzo was only required to take proportionate steps to try and protect Mr S from financial harm. I'm not persuaded he would've shared anything concerning with Monzo had it questioned him about what he was doing. I also don't think, even if Monzo had been given the right information so that it could provide Mr S with a tailored scam warning, that he would've heeded any warnings – considering the clear trust he had in the opportunity.

So I'm not persuaded that the scam would've been uncovered by any proportionate intervention by Monzo.

I've also thought about whether Monzo could have done more to recover the funds after Mr S reported the fraud.

Monzo are under no obligation to refund the money to Mr S under the Contingent Reimbursement Model (CRM) Code. This is because the Code does not apply to transfers which the payer has effectively made to themselves. I also don't think that Monzo could have recovered the payments via any other means either.

I appreciate this will likely come as a disappointment to Mr S, and I'm sorry to hear he has been the victim of a scam. However, whilst I have a great deal of sympathy for the situation that Mr S found himself in, I'm not persuaded that Monzo can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 May 2025.

Charlie Newton
Ombudsman