

The complaint

Ms G has complained about Monzo Bank Ltd not refunding several payments she says she made and lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Ms G fell victim to an investment scam after being added to a group by a scammer on a well-known messaging app. She was led to believe that by using their technology she would make 700-1000% returns each month. In total she transferred the scammer almost £3,000 in August 2024. After being told she needed to pay fees in advance, she considered borrowing money but then realised she had been scammed.

Ms G then raised the issue with Monzo who did not uphold her concerns. So, she referred the complaint to us. Our Investigator didn't uphold the complaint as, although he agreed Ms G had lost her money because of a scam, the payments were not of a level that he believed should have caused Monzo any concern.

As our Investigator couldn't resolve the matter informally the case has been passed to me for a final decision.

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.

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I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Ms G has been the victim of a scam here – she has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean she is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Ms G for her loss (or a proportion of it) if: I thought Monzo reasonably ought to have prevented all (or some of) the payments Ms G made, or Monzo hindered the recovery of the payments Ms G made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Monzo treated Ms G fairly and reasonably in its dealings with her, when she made the payments and when she reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Ms G's complaint. I know this will come as a disappointment to her and so I will explain below why I've reached the decision I have.

I have kept in mind that Ms G made the payments herself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. I appreciate that Ms G did not intend for her money to ultimately go to a scammer – but she did authorise these payments to take place. However, there are some situations when Monzo should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had 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 payment service providers 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the transactions should have highlighted to Monzo that Ms G might be at a heightened risk of financial harm due to fraud or a scam.

Monzo should have identified that Ms G's payments were going to a cryptocurrency exchange as the merchant is well-known. However, that doesn't mean they *all* should automatically be treated as suspicious; particularly when there are no other concerning factors about the payments. Many banks and Electronic Money Institutions (EMIs) have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges. Albeit investing in cryptocurrency is a highly risky endeavour, it is ultimately a legitimate one and so certain banks and EMIs do permit such payments.

Having considered Ms G's payments I agree with our Investigator's findings. I'm not persuaded that Monzo should have been concerned with them as they would not have appeared to be suspicious or unusual. I say this because the payments were not of such a value, or completed at such a frequency, that I would have expected Monzo to have intervened. Ultimately, the payments Ms G made did not have any of the common hallmarks to suggest that she may be falling victim to a scam. Additionally, as the payments continued the exchange would also have been noted to be an established payee.

It's not reasonable to expect Monzo to stop and check every payment instruction to try to prevent fraud or financial harm. There are many payments made by customers each day. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

I am sorry to hear about the vulnerable situation Ms G says she was in at the time of the scam and how the scammers used this to ensure she invested. The repercussions such a cruel scam has had on Ms G is not something I have overlooked when reaching my decision. However, I have not seen a pattern emerge that would have highlighted to Monzo that Ms G's vulnerable situation may have been impairing her decision-making during this scam – or that it meant she would be more susceptible to scams. I am empathetic towards her, but I do not consider her situation, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further red flags for Monzo.

I'm very sorry to disappoint Ms G. However, I don't think Monzo should have prevented her making the payments. So, it wouldn't be reasonable for me to ask them to refund them.

The Contingent Reimbursement Model Code

Although Monzo has not signed up to the Contingent Reimbursement Model Code, it has committed to apply the Code to payments made on or after 28 May 2019. However, the Code does not apply to card payments. Therefore, I cannot fairly and reasonably say that Monzo should have to refund payments under the Code when it doesn't apply here.

Recovery

The only method of recovery Monzo has for payments made by faster payment would be to contact the receiving cryptocurrency exchange where the funds were sent, not the scammer directly. If these funds had not already been transferred to the scammer, they would be in Ms G's control to access as and when she chose. The fact that the cryptocurrency was later transferred to the scammer doesn't give rise to a valid claim against the merchant Ms G paid.

Therefore, Monzo could not have done anything further after Ms G alerted them and so I won't be asking it to do anything further.

My final decision

My final decision is I do not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 27 October 2025.

Lawrence Keath
Ombudsman