DRN-5429910

The complaint

Miss K complains that Monzo Bank Ltd won't refund money she lost when she was a victim of an investment scam.

Miss K is represented by a firm I'll refer to as 'R'.

What happened

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

Miss K came across an investment opportunity on social media with what she thought was a well-known legitimate firm (that I'll refer to as 'M'). Miss K was in communication with M for about a year, and added to a group chat that she monitored, before she decided to invest. M presented an opportunity for Miss K to trade in gold using a legitimate trading platform (that I'll refer to as 'T'). Miss K followed M's trading signals and made a small profit that she was able to withdraw. As part of this trading, Miss M made nearly 50 payments to T totalling just over £10,000 between May and October 2024.

M then told Miss K that they were moving to trading in crypto. And because of the prior trading success in gold, Miss K was keen to get involved. To invest, Miss K was required to invest on M's trading platform. And to do this, Miss K purchased crypto from a legitimate crypto provider before forwarding it to M's platform. The relevant transactions from Miss K's Monzo account are:

Transaction Date	Transaction type	Amount
12 September 2024	Fund transfer	£100
20 September 2024	Fund transfer	£1,200
21 September 2024	Fund transfer	£2,000
22 September 2024	Fund transfer	£1,200
23 September 2024	Fund transfer	£2,040
23 September 2024	Fund transfer	£60
	Total	**£6,600**

Miss K has explained that, despite following M's trading signals, they said she'd made an error that resulted in her losing her investment funds. And that to correct this, she had to deposit £10,000 and even encouraged her to take out a loan to do so – which made her suspicious of M at that point. Miss K then managed to convince M to pay her some money back by telling them she needed it for everyday costs, but that her partner was taking out a loan to fund the investment. And she received a credit of £3,167.66 on 26 September, which puts her crypto trading loss at £3,432.34.

Miss K notified Monzo of the scam, before R raised a complaint – on her behalf – in December 2024. R said Monzo failed to detect unusual account activity that warranted an intervention. And had this happened, with a targeted warning about investment scams provided, then Miss K would've realised she was falling victim to a scam – thereby preventing her loss. To put things right, R wanted Monzo to refund Miss K's loss and pay 8% interest.

Monzo didn't uphold the complaint. They said Miss K authorised the payments, they provided a warning when she made the first payment and that they hadn't breached their duty of care to Miss K. Monzo also clarified that the payments weren't covered by the Contingent Reimbursement Model (CRM) code.

The complaint was referred to the Financial Ombudsman, but our Investigator didn't think Monzo had to do anything further. He said the payments weren't unusual enough to have given Monzo reason to suspect Miss K was at a heightened risk of financial harm from fraud. So, he didn't think Monzo should've intervened before processing the payments. Our Investigator also didn't think Monzo could've done anything more to recover Miss K's funds upon being notified of the scam.

R disagreed. In short, they've said:

- Monzo's actions, or lack thereof, didn't meet the standard of care that should be expected – as significant payments weren't investigated or flagged by their fraud detection systems. And Monzo's failure to intervene led directly to Miss K suffering financial harm.

- These payments were notably outside of Miss K's usual spending habits – as they were high value and made over a short period of time.

- It would be misguided to consider the payee as 'established' due to a single £100 payment on 12 September 2024. Once a small payment is processed without issue, the scammer typically escalates the amount (as happened here).

- Monzo's lack of intervention meant they missed an opportunity to identify Miss K's vulnerability and the fact she was being scammed.

Our Investigator considered R's points, but his position remained the same. He said Miss K had used her account regularly for similar amounts. So, he didn't think these disputed transactions were unusual or out of character. Nor did he think there was a typical pattern of fraud evident.

R remained in disagreement with our Investigator. They highlighted that Miss K paid money into her account before sending it back out, with this often leaving her account balance close to zero. And so, it is reasonable to expect Monzo should've taken steps to investigate the transactions before processing them. R also referenced the requirements for bank staff to have the skills and capability to recognise characteristics of vulnerability and respond to individual consumer needs. And here, had Monzo investigated the transactions, they would've become aware Miss K was vulnerable due to her health conditions which increased the likelihood of her falling victim to a scam.

Our Investigator added that while he emphasised with Miss K's situation, he hadn't seen anything to show Monzo were aware of her vulnerabilities at the time.

The matter has been passed to me to decide.

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 very aware that I've summarised Miss K's complaint and the relevant submissions briefly. No discourtesy is intended by this, but I've focussed on what I think is the heart of the matter here. Therefore, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

I'm sorry for the loss Miss K has suffered, and I don't underestimate the impact this has had on her – as I understand it is a lot of money. I can therefore understand why Miss K is doing everything she can to recover it. But while I'm sympathetic to Miss K's situation, I must consider whether Monzo is responsible for her loss. I know this won't be the outcome Miss K is hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Monzo have acted unfairly by not refunding the payments. I'll explain why.

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 Miss K knowingly made the payments from her Monzo account. And so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Monzo are expected to process Miss K's payments and she 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.

So, the starting point here is whether the instructions given by Miss K to Monzo (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Monzo to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

Here, I understand that Monzo provided Miss K a confirmation of payee warning before processing the first payment – confirming both the payee and account type matched. Considering its low value (£100), I think this was a proportionate additional check in the circumstances. And so, I think it was reasonable for Monzo to process the payment upon receiving Miss K's instruction.

I have however given further thought to the payments made to the crypto provider between 20 and 23 September. These totalled £6,500 which, based on Miss K's prior account usage, was more than she typically spent within a four-day period. That said, I don't consider the transactions to be disproportionately out of character for Miss K – as she did, occasionally, make payments of a similar value. This includes, for example, £1,000 payments to T on 18 September 2024 and several £2,000 transactions in April 2024. It's also worth noting that it is common for customers to make larger payments from time to time as part of normal account activity. Because of this, I don't think Monzo would've had enough reason to consider the payments – based on their value – as presenting a high risk of potential financial harm to Miss K.

I've thought about the frequency in which the payments were made, how they were funded and how they affected Miss K's account balance. Although five payments in a four-day period could be seen as unusual for some consumers, this type of account activity wasn't out of character for Miss K. This is because Miss K often made multiple payments to the same payee on the same day (or within close proximity). This includes payments to T, a legitimate trading platform. And Miss K quite commonly funded her Monzo account shortly before making payments to T, with a low account balance remaining afterwards. Because of this, I think Miss K's prior activity normalised funds entering her account to be used for investment purposes. It follows that I don't think the disputed payments would've been seen by Monzo as being unusual for Miss K. Instead, I think it would've been considered in line with her normal account usage. Nor do I think the payment activity, based on its value and frequency, demonstrated a pattern that presented an increased risk of potential financial harm to Miss K.

In these circumstances and given, as I've said, there is a balance for Monzo to find between questioning transactions and allowing customers to use their account without unreasonable friction, I don't think Monzo would've had sufficient reason to suspect Miss K wasn't making the payments for anything other than legitimate purposes – as the activity didn't have the typical traits of fraud or a scam.

It follows that, while there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment, for the above reasons, I wouldn't have expected that here. And so, I think it was reasonable for Monzo to process the payments upon receiving Miss K's instruction(s).

At which point, I'm aware that R has referenced Miss K's health conditions which they say made her vulnerable to the scam. And that Monzo is required to recognise characteristics of vulnerability and respond to their customer's individual needs. But here, while I'm sympathetic to Miss K's personal circumstances, Monzo weren't aware of Miss K's health conditions until the scam was reported. And given I think it was reasonable for Monzo to process the payments without carrying out any additional checks, I don't think Monzo missed an opportunity to identify Miss K's vulnerabilities either. Because of this, I don't think Monzo acted unreasonably in this respect.

I've considered whether, on being alerted to the scam, Monzo could reasonably have done anything more to recover Miss K's losses, but I don't think they could. This is because Miss K had already forwarded the crypto to M, and so no funds remained that could've been recovered (which Monzo confirmed with the beneficiary bank).

I have a great deal of sympathy for Miss K as she has lost a significant amount of money. But I can only direct Monzo to refund her if I think they are responsible for her loss. And for the above reasons, I don't think they are. I'm therefore 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 Miss K to accept or reject my decision before 11 December 2025.

Daniel O'Dell
Ombudsman