

The complaint

Mr M complains that PrePay Technologies Ltd (trading as Monese) will not refund money he lost to a scam.

What happened

Mr M was looking for investment opportunities, and in September 2023 he came across a company I will call 'C' which claimed to provide assistance with trading. Mr M did some searches about C and was satisfied it was legitimate, so he registered his interest. Mr M was then contacted by an individual who claimed to work for C who explained that he could expect to receive returns of between 8% and 20% on his investment, this individual helped Mr M to set up a trading account on C's platform, and to open a Monese account to assist with the transfer of cryptocurrency.

Mr M made an initial investment, and C told him he had made good profits and should invest more. Over the next few weeks Mr M invested funds from an account he held at another bank (Bank L), and then made payments of over £40,000 from his Monese account.

Unfortunately, and unknown to Mr M, the investment was not legitimate, he was being scammed. When Mr M asked to withdraw his profits, he was told he'd need to pay fees to facilitate that. When he'd paid those fees, and was told he'd need to make yet more payments before he could access his money, Mr M realised he had been scammed. Mr M made the following payments to the scheme from his Monese account:

| Payment | Date | Payee | Amount |
|-----------|------------|---------|--|
| Payment 1 | 26/09/2023 | Payee 1 | £4,000 |
| Payment 2 | 28/09/2023 | Payee 1 | £8,860 |
| Payment 3 | 30/09/2023 | Payee 1 | £9,726 |
| Payment 4 | 02/10/2023 | Payee 1 | £14,587 |
| Payment 5 | 03/10/2023 | Payee 1 | £11,196 |
| Payment 6 | 06/10/2023 | Payee 2 | £14,587 (returned by the payee on 30/10/2023) |
| Payment 7 | 07/10/2023 | Payee 2 | £14,587 (returned by the payee on 30/10/2023) |
| Payment 8 | 30/10/2023 | Payee 3 | £29,174 (these funds were eventually recovered from the payee in 2025) |

Mr M raised the payments as a scam with Monese, but it declined to refund his loss. It said that it had taken appropriate steps to intervene in the payments Mr M had made. It did though acknowledge that there had been a delay in unblocking Mr M's account after it was frozen following the scam (the account appears to have been frozen from October 2023 to April 2024) and offered Mr M £50 compensation.

Mr M referred his concerns to our service, and one of our Investigators looked into what had happened. Following the Investigator's involvement Monese was able to recover Payment 8 from the payee, and so these funds were returned to Mr M. Monese also offered to increase

the compensation it had offered Mr M to £100. Our Investigator considered all that had happened, and they felt that Monese could have done more to prevent Mr M's loss from the second payment onwards. So, they recommended that Monese refund Mr M's loss from that point onwards, minus a deduction of 50% for Mr M's contributory negligence.

Mr M accepted these findings, Monese did not. It said that Mr M had not given accurate answers when it had asked him what the payments were for, and so it had been unable to give him appropriate warnings. It also noted that Bank L had warned Mr M he was likely the victim of a scam, yet Mr M had continued to make payments. So, Monese does not consider that any intervention on its part would have been able to prevent Mr M's loss.

As no agreement could be reached this complaint has been passed to me for review.

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.

Having done so I've reached the same outcome as our investigator, I'll explain why.

It's not disputed that Mr M authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr M is responsible for them. That remains the case even though Mr M was the unfortunate victim of a scam.

Because of this, Mr M is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Monese acted fairly and reasonably in its dealings with Mr M, or whether it should have done more than it did.

Mr M's Monese account was opened for the purpose of making these scam payments, so Monese had no account history against which to compare the payments Mr M was making, it had to rely on more generic indicators of risk. However, given his age, Mr M was in a category of customer that would be identifiable to Monese as potentially at higher risk of financial harm from scams. And Monese should have taken this into account when considering any payments Mr M was making.

The very first scam payment Mr M made, which was for £4,000, was stopped by Monese as it identified that this payment was not in line with what Mr M had stated he would be using the account for. So, Monese asked Mr M some basic questions about this payment, Mr M indicated to Monese that the purpose of this payment was 'moving his money'. Based on the value of this payment, and what Mr M had told it, I think it was reasonable for Monese to allow this payment to then be made without any further intervention.

However, the next payment Mr M made, two days later, was for more than double the amount of Payment 1, and represented a total transfer of almost £13,000 to the same new payee within a short period of time. I can also see that, when Mr M initially requested this transfer, on 27 September 2023, Monese initially held it and again asked Mr M some questions about his finances and about what the payment was for, Mr M replied by email on 27 September saying the payment was for an investment. The next day Monese released

the payment, but it did not ask Mr M any additional questions about the investment or provide him with any warnings about potential investment scams. Monese has said in its submission to our service that Mr M misled it about what the payments were for, and that if he had said he was investing it would have been able to provide him with appropriate warnings. But it is clear that Mr M did tell Monese this second payment was for an investment. And that Monese took no action to probe this further.

So, by the time of Payment 2 Monese was aware that Mr M had recently opened a new Monese account, was using it to transfer large amounts of money to an investment, and was in an age category that could mean he was at higher risk of being scammed. With this in mind, I think Monese should have taken steps at this point to ask Mr M more detailed questions about what he was making the payments for.

And I think it is likely that, had Monese intervened and spoken to Mr M at the time of Payment 2 – and asked pertinent questions relating to investment scams such as how Mr M had found the investment, exactly what the role was of the individual who was helping him to invest, and how this investment worked – then the scam would have come to light. I say this as I have seen nothing in the records of Mr M's conversations with the scammer to suggest he was coached to lie to Monese in any way, and there are various features of the scam Mr M fell victim to that I think would have rung significant alarm bells for Monese.

I've taken account of the fact that Bank L did speak to Mr M about payments he made to the scam from his account with them. And I acknowledge that Bank L apparently told Mr M that he was likely being scammed. However, Bank L has no records of precisely what was discussed with Mr M, or whether it gave him any good warnings specifically relating to investment scams. And it is worth noting that Bank L has accepted it could have done more to protect Mr M from this scam and has refunded a proportion of his loss. With this in mind I don't think I can fairly say that Bank L's involvement means that a good quality warning about investment scams from Monese would not have been effective at stopping Mr M from making any more payments to this scam.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Mr M should bear some responsibility for his loss. And, while there were some sophisticated aspects to this scam, I do think it would be reasonable to hold him partially responsible for his loss here. I say this because there were features of this scam – such as the supposed profits he was told about, and the reviews and warnings available online suggesting that C was not legitimate – which I think should have caused Mr M concern, and led him to looking into the purported investment in more detail. With this in mind, I consider it reasonable for Mr M to bear joint responsibility for his loss. I therefore think it is reasonable for Monese to refund to Mr M 50% of his loss from Payments 2 to 5, plus interest from the date each payment was made to the date of settlement, as I am satisfied Monese could have prevented Mr M's loss from these payments.

Regarding the recovery of Mr M's funds, I can see that Monese initially contacted the receiving bank for Payment 8 in 2023, but does not appear to have taken any steps to chase this up until our involvement in 2025. Given that the receiving bank was then able to recover Mr M's funds in full, and that Payment 8 was then returned to him, I think it is fair that Monese share some responsibility for the impact of this delay, and so should also pay interest on 50% of this amount, from the date of the payment to the date of settlement.

Turning to the service Mr M received from Monese, I do think that there was a significant delay in unblocking Mr M's account after he reported the scam – a delay of several months – and that Monese's communication about this was poor. But bearing in mind that this was not an account that Mr M used for day-to-day spending, I am satisfied that Monese's offer of £100 is appropriate compensation for this.

Putting things right

To resolve this complaint, Prepay Technologies Ltd (trading as Monese) should:

- Refund 50% of payments 2-5;
- Pay 8% simple interest on this refund, from the date of each payment until the date of settlement.
- Pay 8% interest on 50% of Payment 8 from the date of that payment to the date it was returned to Mr M.
- Pay Mr M £100 compensation.

My final decision

I uphold this complaint. PrePay technologies Ltd (trading as Monese) should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 November 2025.

Sophie Mitchell
Ombudsman