

## **The complaint**

Mr D complains that Monzo Bank Ltd (“Monzo”), have failed to refund money that he lost as part of an investment scam.

## **What happened**

Mr D came across a company that purported to be an investment firm, but he says it was actually a scammer that I will call C. Mr D says he was persuaded to make a number of payments from his Monzo account to a crypto exchange in March to May 2021 totalling over £14,469. The funds were then converted into crypto and were then sent to C.

Mr D then tried to withdraw the “profits” that he had made and when he was unable to do so, C then stopped all contact with Mr D. It was at this point that he realised he had been scammed.

Mr D raised a complaint with Monzo, as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they did not uphold this complaint. They believed that Mr D had not sufficiently demonstrated his loss; there were contradictions in Mr D’s testimony; and she did not think that Monzo could have prevented the scam.

Mr D did not agree with these conclusions. So his complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account.

But, taking into account relevant law, regulators’ rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Monzo sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this instance, I am not upholding this complaint for a number of reasons.

Firstly, I don't think that the payments were sufficiently unusual to have prompted an intervention from Monzo. I note that a large payment of £8,639.82 was made on 3 May 2021 to a crypto exchange and usually this would prompt an intervention. But Mr D had made a number of large payments in the past. Also, by the time that this payment was made, Mr D had made many payments to trading platforms and crypto exchanges, apparently without any issues - which Mr D now says were not part of this scam.

So I'm not persuaded there was anything that ought reasonably to have triggered Monzo's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Monzo to have intervened.

I also note that, even if Monzo had intervened during the above payment (although I don't think it had to), I have doubts as to whether this would have uncovered or prevented the scam. Whilst there was a FCA warning about C at the time, this was limited to it being unauthorised - though this warning was later amended (after the above payment) to say that C was likely a scammer. So I don't think this being pointed out would have stopped the scam as Mr D says he was making good returns and he made a withdrawal prior to the above payment.

In addition to the above reasons, I am also not satisfied that Mr D has sufficiently evidenced that he suffered a loss. He said he did not receive returns from the scam, but I can see that he received a significant amount of credits back from the scam after the above payments. From what he has provided, it appears he received around \$12,000USD back from C. I also note that the payments he says were part of the scam have changed over time. Initially Mr D said that over 40 payments were to scammer, and he since changed that to just 8. These inconsistencies make it very difficult for me to know what the truth is here. So given the unreliable testimony that Mr D has provided, I don't think it's reasonable to say that any redress should be paid to him in the circumstances, even if I thought that there were shortcomings in what Monzo did.

I've also thought about whether Monzo did enough to attempt to recover the money Mr D lost. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as the payments were made to an account in his own name and were card payments. I have not seen enough to say that a chargeback would likely have been successful either. So overall I don't think that Monzo could have recovered any of the funds.

I appreciate this will likely come as a disappointment to Mr D, however, I'm not persuaded that Monzo can fairly or reasonably be held liable for the losses that he says he experienced in these circumstances.

### **My final decision**

My final decision is that do not uphold this complaint.

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

Charlie Newton  
**Ombudsman**