

The complaint

Mr M complains that Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment ("APP") investment scam.

In bringing his complaint to this service Mr M is represented, but for ease of reading I will refer to Mr M throughout this decision.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around July 2023, Mr M was contacted, through a well-known messaging app, about an investment opportunity, which involved cryptocurrency. Mr M has said he was told he could make significant profits and that an investment of £300 would see a return of over £3,000. Mr M didn't invest immediately, it wasn't until May 2024 that, after sadly losing a close family member and looking for ways to improve his life, Mr M decided to invest. But unknown to him at the time, he had been contacted by fraudsters.

Between 31 May 2024 and 15 July 2024, Mr M made a number of transactions from his Monzo account in relation to the fraud, totalling £3,400. Our Investigator has laid these payments out in detail in their view, so I don't intend to list them again here. Mr M has said that he borrowed money to facilitate the payments, and the scam saw him making faster payments to several individuals who were selling cryptocurrency through 'peer-to-peer' (P2P) exchange platforms. His payments were then converted into cryptocurrency and subsequently transferred into accounts that were controlled by the fraudsters.

Mr M has said he realised he'd been scammed when after making the final payment the fraudsters messaging app disappeared and he was unable to get in contact with them. Mr M raised the matter with Monzo, but it didn't uphold his complaint. In summary, it didn't consider it was liable for Mr M's loss as the funds had been used to purchase cryptocurrency that went to an account that Mr M held in his own name (before being moved onto the fraudsters).

Unhappy with Monzo's response, Mr M brought his complaint to this service. One of our Investigators looked into things but didn't think the complaint should be upheld. In summary, he didn't think Monzo had missed an opportunity to identify the payments were being made in relation to a scam. Alongside this, he didn't think Monzo had missed an opportunity to recover the money Mr M had lost.

Mr M didn't agree with our Investigator's view. As agreement couldn't be reached, the complaint 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.

I'm aware in his submissions Mr M has referred to other decisions issued by our service. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked at the individual circumstances of Mr M's complaint.

Having thought about everything carefully, I agree with our Investigator, and I don't think Monzo is responsible for refunding the money Mr M sadly lost. I'm sorry to hear that Mr M has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him.

Monzo has agreed to follow the principles of the Lending Standards Board's Contingent Reimbursement Model (CRM Code). Under certain circumstances, this Code can require that firms reimburse customers who have fallen victim to scams. However, the Code doesn't apply to these payments because Mr M made genuine P2P payments for the purchase of cryptocurrency, which resulted in cryptocurrency being paid into a wallet he held (before the funds were subsequently moved into accounts that the fraudsters controlled) - a scenario which means the CRM Code isn't an applicable consideration in this case.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

It isn't in dispute that Mr M authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, Monzo is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr M when it processed the payments, or whether it should have done more than it did. In doing so, I'm mindful that firms, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests.

I don't doubt the payments represented a lot of money to Mr M. But when compared with other payments that Monzo processes daily, I'm not persuaded they were of values which I think would have appeared so suspicious or unusual to Monzo, such that they ought to have alerted Monzo to the possibility Mr M was being scammed.

The payments were all of values that, in isolation, I wouldn't consider ought to have caused Monzo to provide further warnings, prior to processing. As well as this, there wasn't an obvious or sharp uplift in the value of the payments being made, which can sometimes be an indicator of a risk of financial harm. Alongside this, I've reviewed the frequency of the payments and can see they were made over several weeks. And although some were close together, I still wouldn't have expected that to have caused Monzo concern.

I'm conscious that the payments were being made for the purchase of cryptocurrency, which can sometimes, but of course not always, be indicative of a higher risk of fraud. But, I'm satisfied that this wouldn't have been identifiable to Monzo, given the faster payments were going to individuals, rather than to recognisable cryptocurrency platforms. All things considered, I don't think Monzo made an error in allowing the payments to be progressed or missed an opportunity to prevent the fraud.

I've thought about whether Monzo could have recovered any of the funds Mr M lost when it was made aware of the scam. Monzo did make attempts to recover the money Mr M sent, by contacting the beneficiary banks (the banks to which the payments were made) – but it was unsuccessful, with the beneficiary banks reporting that no funds remained. Sadly, this was not surprising, given the funds had been exchanged into cryptocurrency and then been moved onto accounts controlled by the fraudsters.

I'm mindful that Mr M has said he was vulnerable at the time the payments were made. I was so sorry to hear of the sad passing of Mr M's father, and I offer him my sincere condolences. I recognise that Mr M has fallen victim to a scam and of the difficult personal circumstances that he was faced with. But I haven't seen anything to suggest that Monzo were made aware of any vulnerability factors or ought to have identified them, such that it should have known to take additional steps to protect Mr M.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Mr M. It's very unfortunate that he has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, having carefully considered everything, I don't find Monzo could have reasonably prevented Mr M's loss here. Neither do I find there were any other failings on Monzo's part that would lead me to uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 October 2025.

Stephen Wise
Ombudsman