

The complaint

Ms S complains that Monzo Bank Ltd ('Monzo') hasn't refunded the money she lost when she fell victim to a scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In December 2023, Ms S made three debit card payments to a cryptocurrency exchange platform – which I'll refer to as "M". At the time the payments were made, Ms S believed the cryptocurrency she was buying was being sent to an online platform, where she was paying to review hotels in exchange for commission. However, Ms S was actually being scammed and she lost £6,700 from her Monzo account.

After realising she'd been the victim of a scam, Ms S reported the situation to Monzo in the form of a complaint. Monzo asked Ms S for further information, which wasn't provided. As a result, Monzo declined to reimburse Ms S's loss. So, Ms S referred her complaint to this service.

Our Investigator didn't uphold Ms S's complaint. They thought that Monzo should've been concerned by Ms S's payments activity and done more to protect her from financial harm. However, our Investigator didn't think intervention from Monzo could've reasonably prevented Ms S from going ahead with the scam payments. They didn't think Ms S would've been honest if Monzo had questioned her about what she was doing, which would've prevented Monzo from identifying the scam.

Ms S didn't agree. She said it was unfair that she was taking full responsibility for her loss, when Monzo hadn't done what was expected of it when protecting her from fraud. Ms S said she'd tried to make payments from other accounts in her name, but those payments had been blocked and the accounts were closed, which had prevented her from moving funds to the scammer from those accounts. Ms S said she had been a previous victim of a similar scam and that Monzo ought to have been more alert when she was scammed a second time and done a better job of spotting the warning signs and taking steps to ensure she wasn't falling victim to another scam.

As an agreement couldn't be reached, the complaint 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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm such as 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.

Here, it's not in dispute that Ms S made the scam payments from her Monzo account. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Ms S is responsible for the payments (and the subsequent loss) despite the payments being made as a result of a scam.

However, that isn't the end of the story. Good industry practice required Monzo to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

On 26 November 2023, Ms S attempted to make a payment to a third party as part of the scam. Monzo identified that the payment was suspicious, blocked it and placed restrictions on her account. Ms S was asked to confirm the purpose of the payment and provide evidence corroborating this.

After receiving Ms S's response, Monzo wasn't satisfied that the payment was being made for a genuine reason. So, a member of staff called Ms S and spoke to her about the payment attempt.

I've listened to the call between Ms S and Monzo which took place on 28 November 2023. During that call, Ms S said the third party she was trying to pay was a friend of her brother and that she was lending them some money. The Monzo advisor challenged Ms S as the reason she had given initially for making the payment differed from the purpose she was explaining over the phone.

Ms S wasn't able to provide a plausible explanation for why the payment was being made and so the payment wasn't released and the restrictions on her account weren't removed. However, the next day, Ms S was able to order a new debit card from Monzo, which she was able to use to make the debit card payments to M in December 2023.

The first successful scam payment Ms M made on 2 December 2023 was a £2,000 debit card payment to M. The value of this payment was almost four times larger than any previous payments she made using her Monzo account. She'd also never made a previous payment that was identifiably going to a cryptocurrency exchange platform.

Taking this information into consideration, along with the concerns about Ms S's earlier payment attempt in November 2023, I think Monzo reasonably ought to have identified that when the £2,000 debit card payment was made, there was a heightened risk of fraud that merited its intervention. In line with good industry practice and regulatory requirements, I'm satisfied that Monzo should've done more to protect Ms S from fraud.

Monzo could've intervened when the payment was made through a written warning; inviting Ms S to discuss the payment through its in-app chat; or questioned her via a phone call. However, Monzo didn't do anything to check the payment was being made for a genuine purpose. Given Monzo failed to identify the payment was suspicious, I can understand why Ms S thinks it should be held responsible for the loss she's suffered and why she thinks it ought to refund her money.

However, I can't fairly hold Monzo responsible for Ms S's loss because it failed to identify that the scam payments were suspicious. To uphold Ms S's complaint, I need to be satisfied that proportionate intervention from Monzo would, more likely than not, have resulted in Ms S not going ahead with the scam payments.

I can't say for certain what would've happened if Monzo had intervened when the three successful scam payments were made – and that's because Monzo didn't question those payments. So, I must consider whether the available evidence shows that it was more likely than not that Ms S would've acted differently. And, in the circumstances, I'm not as persuaded as I'd need to be that Ms S would've acted differently if Monzo had intervened. I'll explain why.

Prior to using Monzo to make scam payments, Ms S was using her account with a different firm – which I'll refer to as "R" – to make scam payments. When making some of the payments from R, Ms S was asked questions about the payments she was making. When that happened, Ms S wasn't truthful with her answers, and she chose to withhold certain information from R.

Having reviewed Ms S's communication with the scammer, it's clear that she was being heavily coached by the scammer. Ms S was told that if she was asked questions by R, that she needed to take screenshots of the questions and send them to the scammer. To avoid payments being declined by R, the scammer told Ms S how to answer the questions.

Ms S followed the scammer's instructions and, as a result, gave untruthful information to R about the payment purposes and circumstances in which she was making the payments. She even followed the scammer's instructions on what to say to R to try and have the restrictions removed from her account. Ms S made three successful scam payments from her account with R, after which R decided to close her account.

Ms S also made payments from her account with a different firm – which I'll refer to as "W". On occasion, W also asked Ms S about the payments she was making. There was an option to select "*Paying to earn money by working online*", but Ms S didn't choose this option, despite it being the most relevant to her circumstances.

W began blocking Ms S's payments and decided to close her account. When this happened, the scammer advised Ms S to open up an account with M and to move her funds there via her Monzo account, which Ms S agreed to do.

So, by the time Ms S started making payments from her Monzo account, she'd already been stopped from making scam payments by two different firms, which she hadn't been truthful with. And, when Monzo restricted her account, she also wasn't truthful. Furthermore, she'd borrowed a large amount of money from a relative but hadn't disclosed the real reason to them for why she needed to borrow the money.

To my mind, this demonstrates that even if Monzo had asked questions about the debit card payments to M, Ms S would've reverted to the scammer for advice on how to answer, as she had done several times before. And I'm satisfied Ms S wouldn't have revealed the true purpose of the payments. I think it's also fair to say that Ms S wouldn't have heeded any warnings presented by Monzo. Even if Monzo had closed her account, I think Ms S would have found a way to make the payments from another account, as was the case after R and W closed her accounts.

I'm satisfied that it's more likely than not that Ms S would've gone ahead with the payments and suffered this loss, such was her belief that the scammer was genuine. She repeatedly sought advice on how to answer questions and she was being heavily coached throughout. I haven't seen any compelling evidence to suggest she would've told Monzo the truth or that she could've been persuaded against making the scam payments.

In June and July 2023, Ms S was the victim of a very similar scam. As a result, Ms S thinks Monzo ought to have had better prevention measures in place for her in December 2023, when she was scammed for a second time. So, I've thought about what Monzo knew in December 2023 and whether it reasonably ought to have done more to protect her from fraud in light of this.

In June 2023, Ms S reported to Monzo that she'd been scammed into making a payment of £155.20 to a third party. Monzo began to investigate and asked Ms S some questions, but she didn't respond and so the claim was closed, as Monzo had insufficient information from Ms S about the circumstances of what had happened.

Monzo later identified that Ms S appeared to have sent her payment to an incorrect beneficiary, who immediately returned the payment to Ms S. Monzo did ask Ms S if she still wanted to pursue a scam claim, but she didn't respond, so no further action was taken.

At no point, prior to the December 2023 payments, did Ms S notify Monzo that she had lost almost £4,000 to a scam that the £155.20 payment was connected to, or reveal that she had been buying cryptocurrency and sending this to a third party in order to pay to work. As a result, I don't think Monzo reasonably ought to have been on notice in December 2023, that Ms S was potentially more vulnerable to scams, as it wasn't reasonably aware Ms S had previously been the victim of one.

The December 2023 scam payments went to M, which is a genuine cryptocurrency exchange platform. Monzo could've attempted a chargeback against M. However, there's been no suggestion that M didn't provide the cryptocurrency it was paid for. So, even if Monzo had raised a chargeback against M, it would likely have been defended. As a result, I don't think Monzo could've done anything to recover Ms S's loss.

Monzo has accepted that it took too long to respond to Ms S's claim. It offered £50 compensation in recognition of this. In the circumstances, I think that's a fair reflection of the impact the delay had on Ms S. As a result, I don't think Monzo needs to do anything more than this to resolve the complaint, although it ought to pay the compensation to Ms S if it hasn't done so already.

My final decision

I appreciate Ms S feels very strongly that Monzo should be held responsible for the loss she's suffered – and I can understand why. However, in the circumstances, I'm not persuaded Monzo could've prevented the scam or Ms S's loss. As a result, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 26 May 2025.

Liam Davies
Ombudsman