

The complaint

Mr A complains that Monzo Bank Ltd won't refund money he lost when he was a victim of a scam.

Mr A 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.

In 2024 Mr A fell victim to a task-based job scam. He was contacted via an instant messenger app by an individual offering a remote based opportunity working for a well-known high street and online store (which I'll refer to as 'X'). We now know it was a scam. The scammer explained to Mr A that the job entailed completing sets of tasks by evaluating different products to help X's merchants promote their products – thereby increasing sales.

The job paid a salary along with commission for completing the tasks. There were however 'parcel' tasks that provided a greater commission, but these put the account into a negative balance – which required the account to be funded. To do this, Mr A needed to purchase crypto from legitimate crypto providers before forwarding it on to X. As part of the scam,

Mr A made the following debit card payments from his Monzo account to a crypto provider:

Transaction Date	Amount
9 August 2024	£2,000
10 August 2024	£2,000
Total	£4,000

Mr A has explained that when he requested to withdraw his funds, he was told he needed to pay fees. But despite paying these, he was told more fees were due. At this point, he realised he'd been scammed.

R complained, on Mr A's behalf, to Monzo on 11 November 2024. They said Monzo didn't do enough to protect Mr A from the scam – as they ought to have identified the payments as unusual, carried out further checks before processing them and provided relevant scam warnings. If this happened, the scam would've been uncovered and Mr A's loss avoided. R also thought Mr A should be refunded under the Contingent Reimbursement Model (CRM) code. And they highlighted that Mr A was vulnerable at the time of the scam due to his health and life events. To settle the complaint, R said Monzo should refund Mr A in full (less any amount recovered) and pay with 8% interest.

The complaint was referred to the Financial Ombudsman. Our Investigator considered Mr A's complaint, but he didn't think Monzo had to do anything further. In short, he said:

Although the payments were made to a crypto provider, they wouldn't have been particularly unusual or suspicious to Monzo considering their value and the frequency in which they were made. So, he didn't think Monzo should reasonably have been expected to prevent the loss Mr A suffered.

- Mr A had payments he made, as part of the scam, stopped by other banking providers ('B' and 'E'). As part of their checks, Mr A didn't provide accurate information and misled them about the purpose of the payments.
- The conversation Mr A had with the scammer ('scam chat') shows he was being guided by them – with Mr A forwarding E's questions to the scammer for direction. Mr A followed the scammer's instructions as to how to answer E's questions.
- The warnings E provided, which were appropriate, should've resonated with Mr A. Instead, he ignored them and continued to follow the scammer's advice.
- So, even if Monzo had questioned Mr A about the payments, he didn't think this would've made a difference – as he thought Mr A would've listened to the scammer, thereby preventing the scam from being uncovered.
- Monzo couldn't recover Mrs A's funds – with the funds having since been forwarded onto the scammer.

R disagreed with our Investigator. In short, they said:

Monzo processed substantial payments to a crypto provider that were made in a short time frame. And so, the payments should've been flagged for further investigation.

- The context of the increasingly prevalent issue of scams involving crypto hasn't been taken into account.
- When Monzo questioned a subsequent transaction they didn't challenge Mr A's claim that the payment was relating to 'family and friends'. If Monzo had questioned this, they could've uncovered the inconsistency in Mr A's explanation. So, there was a missed opportunity to uncover the scam.
- Monzo failed to ask essential questions that would likely have led Mr A to reconsider his actions or at least provide more coherent answers that could've triggered a more detailed investigation.
- It is crucial to examine the psychological manipulation taking place between the scammer and Mr A. Monzo had a responsibility to step in and probe further when presented with such unusual transactions. Instead of accepting the information at face value, Monzo should have considered the broader picture and asked probing questions.

Our Investigator considered what R said, but his position remained the same. He didn't think the payments were unusual or suspicious in appearance. But even if Monzo had intervened, based on Mr A's interactions with B and E, he wasn't persuaded the scam would've been revealed.

R remained in disagreement with our Investigator. And so, they asked for Mr A's complaint to be passed to an Ombudsman. They referenced another complaint decided by the Financial Ombudsman, to support Mr A's complaint, that they considered relevant here. They thought the purpose of the payment Mr A would've given to questioning was relevant – as if Mr A had said it was for paying family and friends, this should've been scrutinised by Monzo. In turn, this would've led to Mr A being unable to provide compelling answers or evidence – thereby leading Monzo to refuse processing the payments and preventing his loss.

Our Investigator acknowledged this point, but he explained that Mr A had ignored relevant warnings by E as part of additional checks they carried out before processing a payment. And that the scam chat shows Mr A was being heavily coached on how to answer any questions about the payments he was making. So, he remained of the view that any intervention attempt from Monzo wouldn't have made a difference here due to Mr A being under the scammer's spell.

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 sorry Mr A has been the victim of a scam. I realise he has lost a lot of money and so, I can understand why he would do everything he can to recover it. But I must consider whether Monzo is responsible for the loss he's suffered. Having done so, and while I realise this isn't the outcome Mr A is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Monzo acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr A that I've considered everything R has submitted on his behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Monzo is responsible for the loss Mr A has suffered.

R has referred to Mr A's payments being refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. The CRM code however doesn't cover debit card transactions or payments to a person's own account. So, the payments aren't covered by it. I've therefore considered whether it would otherwise be fair and reasonable to hold Monzo responsible for Mr A's loss.

In broad terms, the starting position in law is that banks are expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr A knowingly made the payments from his Monzo account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Monzo are expected to process Mr A's payments, and he 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 Mr A 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, there was minimal usage on Mr A's account prior to the disputed transactions. That said, Mr A did make a £1,500 transfer – to another of his own accounts – about a week prior. So, the value of the disputed payments wasn't entirely out of character for Mr A. The payments, while not an insignificant amount, were relatively low in value. Because of this, I don't think the payments, based on their value alone, were so unusual or suspicious whereby I would've expected Monzo to have been concerned Mr A was at a significant risk of financial harm. Particularly as it's common for customers to make occasional transactions of a higher value and, 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.

R has highlighted that the payments were made to a crypto provider. And I accept this can provide a known fraud risk that Monzo ought to have considered as part of their requirement to monitor unusual patterns of account activity to prevent potential financial crime. But while the crypto provider in question here, like many others, are sometimes used for this purpose, it's also used by many individuals to invest in crypto legitimately. Because of this, I wouldn't necessarily have expected Monzo to have carried out additional checks before processing the payments simply because they were going to a crypto merchant. But rather, I would expect them to take steps to protect customers that are proportionate to the identifiable risk.

As I've said, the value of these transactions was relatively low. And I don't think the payments being made a day apart indicated an obvious pattern of fraud at that time. So, 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 think it was reasonable for Monzo to assume the payments here were being made for legitimate crypto purposes. And so, I think it was reasonable for Monzo to process the payments upon receiving Mr A's instruction(s).

For completeness however, I've also considered whether Monzo could've reasonably prevented Mr A's loss had they carried out additional checks before processing the payments. At which point, I should explain that a proportionate intervention will not always result in the prevention of a payment. And so, if I find it more likely than not that such a proportionate intervention by Monzo wouldn't have revealed the payment was part of a fraud or scam, then I couldn't fairly hold Monzo liable for not having prevented it from being made.

I won't set out the specifics of the scam chat here but, having looked at it, it's very clear that Mr A was being heavily coached by the scammer and under their 'spell'. And to the degree that, during the scam, despite saying "*I think this is fraud*", he went on to say, "*So tell me exactly what i need to say...*".

Because of this, Mr A provided inaccurate information to both B and E when questioned about payments he made as part of this scam. For example, in his interactions with B and E, he confirmed:

- Payments were for friends and family purposes.
- He took out a loan to pay for costs relating to moving home (such as the purchase of furniture) – which, as I understand, wasn't true as Mr A's since said it was used to fund the scam.
- He hadn't been given instructions to make the payments, nor was he being pressurised to do so.
- The person he was paying hadn't asked for help urgently or unexpectedly, he had paid them before, and the bank account details had been provided 'face to face'.

We know however that this wasn't the true circumstances surrounding the payments Mr A was making. This was despite being warned by E that "*if you're being scammed, the fraudster may ask you to hide the real reason for this payment*".

Considering this, I think it's more likely than not that, even if Monzo had carried out additional checks on the disputed payments before processing them, Mr A would've provided inaccurate information regarding the purpose of the payments and their surrounding circumstances.

At which point, I note R's argument that, had Monzo questioned Mr A about the payments, they ought to have scrutinised the plausibility of sending payments to a crypto provider to pay a family or friend. I accept that this isn't a typical method of transferring funds. However, the scam chat shows Mr A was told by the scammer:

"Every time I get a call from my bank, I tell them I bought cryptocurrency to transfer money to my brother abroad because I know it will be processed"

And it was this that prompted Mr A to ask the scammer to tell him exactly what to say. I therefore think Mr A would've continued to maintain the lie that he was sending the payments via crypto to pay friends or family (for speed and convenience). Although this isn't a common method of payment, it isn't implausible. But even if Monzo did have further concerns due to this response, I'm not persuaded that any warnings or further action would've deterred Mr A from making payments to the scam. Ultimately, I think Mr A was so heavily under the spell of the scammer that he would've continued to have sent the funds regardless of any intervention undertaken by Monzo. This is supported by Mr A using both B and E to make payments to the scam even after Monzo closed his account.

I realise Mr A has been the innocent victim of a scam here, and that he was being coached by the scammer to withhold information from his banking providers. But for the reasons I've explained, I'm simply not persuaded that Monzo could reasonably have uncovered the scam through a proportionate enquiry. It follows that I don't think Monzo is responsible for Mr A's loss.

I'm aware that R has referenced Mr A's vulnerability at the time of the scam and how this might have impacted his thought process. While I'm sympathetic to Mr A's situation, it seems Monzo weren't aware of his circumstances at the time. Because of this, I don't think Monzo treated him unfairly in this respect.

I've also considered whether, on being alerted to the scam, Monzo could reasonably have done anything to recover Mr A's losses, but I don't think they could. The only possible option for recovery would've been for Monzo to have attempted a chargeback against the payee – that being the crypto provider. But this likely wouldn't have had any reasonable prospect of success. This is because the crypto provider provided the service paid for, that being the purchase of crypto.

In conclusion, while I have a great deal of sympathy for Mr A, I cannot reasonably direct Monzo to refund him. For the above reasons, I think Monzo have acted fairly and so I'm 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 Mr A to accept or reject my decision before 3 October 2025.

Daniel O'Dell
Ombudsman