

The complaint

Mrs C is unhappy Monzo Bank Ltd will not refund the money she lost as a result of an investment scam.

Mrs C brought her complaint through a representative. For ease of reading I will refer solely to Mrs C in this decision.

What happened

As both parties are aware of the details of the scam I will not repeat them here in full. In summary Mrs C fell victim to a cryptocurrency investment scam. She was contacted by the scammer on WhatsApp after she had indicated she was interested in crypto investments. She understood he was a financial advisor. He recommended platform 'O' to Mrs C and she followed his guidance to make the following crypto purchases from two well-known exchanges (MoonPay and Coinumm) that she then moved on to 'O'. Payment 1 was made to a different recipient. Mrs C says she understood it to be a deposit to allow her to start trading but it is not clear from her testimony how she thought the recipient was linked to platform 'O'. The payments were all made by debit card.

payment	date	Value
1	28/04/2023	£250
2	15/05/2023	£1,000
3	30/06/2023	£3,000
4	07/07/2023	£1,500
5	07/07/2023	£4,000
6	12/07/2023	£5,000
7	12/07/2023	£2,500
8	12/07/2023	£1,000
9	12/07/2023	£1,284.70
10	19/07/2023	£86.10
credit	19/07/2023	-£145.33
11	21/07/2023	£4,350.38
12	21/07/2023	£4,350.38
13	21/07/2023	£1,261.61

When Mrs C was told she need to make a significant deposit before she could withdraw her funds from 'O' she realised she had been scammed. She reported this to Monzo in October 2023.

Mrs C says Monzo did not do enough to protect her from financial harm.

Monzo says it was not the point of loss as Mrs C first sent the money to digital wallets in her own name and from there onto the scammer. There are no grounds for it to refund the money. And there are no chargeback rights in these circumstances.

Our investigator upheld Mrs C's complaint in part. She found Monzo ought to have provided a warning at the time of payment 3 and this would have prevented Mrs C from making any further payments. But as she found Mrs C could also have done more to protect herself she said the liability for the losses from payment 3 onwards should be split between the parties.

Mrs C accepted this assessment but Monzo disagreed. It asked for an ombudsman's review saying, in summary, Mrs C was sending money to digital wallets in her own name at legitimate cryptocurrency exchanges and there were no grounds not to follow her payment instructions.

I reached a different conclusion to the investigator so I issued a provisional decision. An extract follows and forms part of this final decision. I asked both parties to send nay comments or new evidence by 7 May 2025.

Extract from my provisional decision

There's no dispute that Mrs C made and authorised the payments. At the stage she was making these payments, she believed she was transferring funds to her cryptocurrency accounts to then use to invest through platform 'O'. I don't dispute Mrs C was scammed and she wasn't making payments for the reason she thought she was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

And (as Monzo has referenced) the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, banks generally have a contractual duty to make payments in compliance with the customer's instructions – as Monzo did in this case.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks when making payments. Among other things, it said, in summary, that the starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, the bank must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.

The express terms of the current account contract may modify or alter that position. For example, in Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a duty to do so.

Monzo's terms and conditions in place at the time said:

We may refuse to make a payment, or reject an incoming one if: we suspect you're a victim of fraud.

We're responsible to you for any foreseeable loss and damage which we cause. When we say 'foreseeable', this means we could or should have expected those losses. This includes if we breach the terms of this contract or fail to use reasonable care or skill providing services to you.

So in accordance with Monzo's own terms and conditions it could therefore refuse payments, or make enquiries (i.e.. use reasonable care and skill), where it suspected fraud.

And it says it will refund money that is lost if it should've done more to prevent the loss. Whilst the current account terms did not oblige Monzo to make fraud checks, I do not consider any of these things (including the implied basic legal duty to make payments promptly) precluded Monzo from making fraud checks before making a payment.

And, whilst Monzo was not required or obliged under the contract to make checks, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good practice at the time, it should fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances – as in practice all banks, including Monzo, do.

This means, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably have:

- been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.*
- had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.*
- in some circumstances, irrespective of the payment channel used, taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.*
- been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.*

In this case, I need to consider whether Monzo acted fairly and reasonably in its dealings with Mrs C when she made the payments, or whether it could and should have done more before processing them.

Did Monzo act fairly and reasonably in Mrs C's case?

I don't find that it did, though had it done so I cannot conclude it would have prevented her loss. I agree with the investigator's finding that payment 3 ought to have triggered a warning from Monzo given its value and that it was to an identifiable cryptocurrency exchange platform. Mrs C had opened her account in July 2019 and had no history of sending funds to cryptocurrency platforms. And by June 2023 we would expect all banks to recognise that cryptocurrency related transactions carry an elevated risk of being part of a fraud or a scam. And so it ought to have provided a written warning about cryptocurrency investment scams, educating the account holder about the typical features, at the time of payment 3 and made direct contact at the time of payment 5.

However, my findings differ from the investigator's about what would most likely have happened next. She found Mrs C would not have progressed with the payment had she been given a relevant warning on 30 June 2023. But I disagree. I'll explain why.

Monzo froze Mrs C's account on 22 July 2023 as it wanted to review a payment of £3,115 to MoonPay (in essence what would've been payment 14 in this scam) to ensure Mrs C was not at risk of being scammed. It asked her the following questions:

- 1. Can I ask what research you have done regarding this transaction? Please outline exactly what research you've done.*

2. *Have someone or people given you any investment advice or guidance on it, for example on social media like Instagram or Snapchat, through a cold call, or through a bank, the police, NCA or similar instructing you to? If being advised, have you signed a contract and where did you first encounter this advisor?*
3. *Have you made any previous cryptocurrency investments?*
4. *Can you confirm what cryptocurrencies you intended to buy?*
5. *Can you confirm that you opened the cryptocurrency account yourself, you have access to it, and it is solely in your control and nobody else's?*

Mrs C replied as below on 24 July 2023 [sic]:

1. *I opened Binance and I tried to make a deposit but transaction got declined so I looked up on google how to buy crypto and found out about moonpay.*
2. *No one advised me I just wanted to buy bitcoin and keep it til 2024.*
3. *Yes I bought Bitcoin last month too.*
4. *Bitcoin and ethereum.*
5. *It's my Binance I'm verified and only I have access to it.*

So it is reasonable to conclude that had Monzo shown a warning at the time of payment 3, and then as I would have expected made direct contact at the time of payment 5, that Mrs C would have reacted and responded in the same way. That is to say a written warning would not have stopped her and she would not have been transparent with the bank when questioned.

I am satisfied it's fair to find she would have concealed the key details of her crypto purchases i.e. that she was being advised; remote access software had been used; and the initial contact was to an extent unsolicited, and made via WhatsApp. So these hallmarks of crypto investment scams would not have been evident to the bank. And as many cryptocurrency purchases are legitimate I can't see enough of a reason for Monzo to not then follow Mrs C's payment instructions.

I am aware Mrs C did not proceed with this payment but this was on the scammer's instructions that funds were no longer needed from this source and to tell Monzo to cancel the payment request.

I can see from the messages between Mrs C and the scammer that they had provided the answers for her to Monzo's questions and she copied them to the letter. I have seen nothing to make me think she would not have done this same thing had Monzo intervened earlier in the scam. In fact the messages show her doubts grew as the scam progressed, yet she still followed the scammer's instructions to lie to the bank in late July.

It follows I do not think Monzo can be held liable for Mrs C's loss. Whilst its intervention was late versus what I would expect, Mrs C did not answer its questions honestly and so concealed the red flags that accurate answers would have revealed. On this basis I do not think Monzo could have identified that Mrs C was falling victim to a scam with an earlier intervention, given how she responded when it did contact her.

Did Monzo do what it should to try to recover Mrs C's money?

As she made all the payments using her debit card, the only potential recovery option would have been through the chargeback scheme.

The chargeback process is voluntary and run by the card scheme whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so

there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer, so here Monzo, acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its customer.

I can see that Monzo did not attempt any chargeback claims. When the payments were made to Mrs C's Coinumm and MoonPay accounts and exchanged for cryptocurrency, the 'service' she paid for was provided. So she had no grounds for dispute with the exchanges. Monzo also explained that under the card scheme rules there are no chargeback rights for any subsequent purchase for goods or services from a digital wallet. This is correct so I cannot challenge its decision not to raise any chargeback claims for payments 2 to 13.

It has not commented explicitly on payment 1 and Mrs C's evidence does not make it clear what role she thought that recipient played in the scam. However, as I have not seen any evidence she contacted that merchant to raise any kind of dispute I do not currently think Monzo has acted in error by not attempting a chargeback. I will review this position if Mrs C can submit any relevant evidence to the contrary.

Monzo did not respond to my provisional decision. Mrs C disagreed with it and said, in summary:

- Monzo's intervention at payment 14 was too late, this should have happened at payment 5.
- It is unfair to say she misled the bank; its second question was vague. She listed the open and probing questions she feels Monzo should have asked.
- Monzo did not ask if she had downloaded remote access software – she would have answered this honestly which would have broken the spell of the scam.
- Monzo failed to intervene and provide effective warnings as it should have given the characteristics of the payments.

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 have carefully considered Mrs C's comments in response to my provisional decision, but they do not change my conclusion. I'll explain why.

I agree with her point that the right time for an intervention in the form of direct contact was when she gave the payment instruction for payment 5. I had made this finding in my provisional decision.

However, what still remains in dispute is what would have happened if Monzo had done this. Mrs C sent a set of questions she says it ought to have asked that would have broken the spell of the scam. I find these questions to be reasonable, but where I disagree with her submission is that her answers would have allowed Monzo to identify that she was at risk of financial harm.

When Monzo asked the questions it did at the time of payment 14 Mrs C sent them to the scammer and then used their exact answers in her in-app conversation with the bank. I have seen no persuasive evidence that she would have done anything different if the intervention

had been at the time of payment 5. As an evidence-based service I have to place more weight on what Mrs C did at the time of payment 14, rather than what she now says she would have done had Monzo asked slightly different and/or additional questions.

It follows I am not changing my finding that Mrs C's response to an earlier intervention, even if a different range of questions had been asked, would have prevented Monzo from breaking the spell of the scam. I find it most likely Mrs C would again have asked the scammer how to respond and thus the red flags would not have been disclosed

This means I am not instructing Monzo to refund any money to Mrs C. I'm sorry Mrs C lost a significant amount of money and I know this has been a stressful experience. But for the reasons I've explained, I don't think Monzo, who was not involved in the scam itself, can be fairly held liable for the loss.

My final decision

I am not upholding Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 6 June 2025.

Rebecca Connelley
Ombudsman