

The complaint

Mrs M is unhappy that Monzo Bank Ltd won't reimburse money she lost to a scam.

Mrs M is represented by a third-party claims firm, but I will refer to Mrs M here.

What happened

The background to this complaint is known to both parties, so I won't repeat everything here. In summary, Mrs M has explained that between February 2023 and October 2023 she made payments from her Monzo account with the purpose of investing in land for agricultural purposes which she ultimately lost to a scam. Mrs M has told us the highest payments she's made in relation to this scam were £1,000 and that she's lost a total of £20,622.53 as a result of the scam.

Mrs M has said the investment was a family venture. She has explained she sent most of the funds using an international money transfer app (which I will refer to as N). She also said her friend sent two payments on her behalf. She explained all the money was sent to friends and family abroad, who in turn invested her funds on her behalf. Mrs M believed this money would be invested in projects, but she was later told by her family and friends that they had all been scammed out of their funds and that they could no longer get into contact with the scammers.

Mrs M raised a complaint with Monzo in March 2024. Monzo didn't think it had done anything wrong by allowing the payments to go through. So, Mrs M brought her complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our investigator didn't think the payments Mrs M made were unusual and so they didn't feel Monzo should have identified a scam risk. Mrs M didn't agree. She said, in summary, that the payments were unusual compared to her previous account activity and that if Monzo had questioned her on the investment she would have listened to its advice and not gone ahead with it.

Mrs M's complaint has now been passed to me for review and a 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 sorry to disappoint Mrs M, but I'm not upholding her complaint - for broadly the same reasons as the Investigator.

It's important to see evidence that a customer has been scammed and that, for example, it isn't a case of a failed investment. Mrs M has provided some testimony about how she became involved in the scam, but I'd usually be looking for some more evidence to show that Mrs M was involved in the scam and had suffered a loss because of it. Mrs M sent us and Monzo a list of the disputed payments but from reviewing her statement data it seems

she has used N, and another money transfer service to send funds during the period of the scam, which she hasn't raised as part of this complaint (perhaps because these payments were unrelated to the scam). It's difficult to be certain which payments are in relation to the scam and which aren't based on the limited information we have been provided. But as this doesn't make a difference to the outcome of Mrs M's complaint, I'm going to proceed on the basis that Mrs M did suffer a loss to the scam she's described.

The Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) provides refunds in certain circumstances when a scam takes place. However, these payments aren't covered by the CRM Code. This is because it doesn't cover debit card transactions or faster payments which aren't sent directly to an account under the control of a scammer. I've therefore considered whether Monzo should reimburse Mrs M under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Monzo is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transactions were unusual, or looked out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

The starting point here is whether the payment instructions given by Mrs M to Monzo were unusual enough to have expected additional checks to be carried out before the payments were processed. Monzo didn't identify that Mrs M might be at risk of financial harm from a scam when she made the disputed payments. So, I need to decide if the transactions were concerning enough that I would have expected Monzo to have had a closer look at the circumstances surrounding them. But I also need to keep in mind that banks such as Monzo process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they are legitimate.

I've reviewed Mrs M's account statements, and I can't conclude that the payments made to the scam would have looked particularly unusual or out of character to Monzo. Mrs M had used N to send payments internationally for several years before the scam had occurred, so these payments would not have appeared as unusual or outside her usual spending habits. N would have appeared to Monzo as an established payment service. Monzo has also highlighted that Mrs M said she would be using her account for overseas payments when opening the account, so the disputed transactions were in line with the account opening purpose. There were two faster payments of £1,000 sent without using N, and although I appreciate that the payments may have represented a lot of money to Mrs M, they were simply not of a value where I'd usually expect Monzo to be concerned that Mrs M was at a heightened risk of financial harm.

I've also considered the frequency of the payments. The scam payments were made over a nine-month period and although there was a slight escalation in frequency, I still wouldn't have expected that to have caused Monzo concern. The payments did not increase significantly during this time, which is something that can happen when a customer is falling victim to a scam. So, while Monzo should be looking out for signs that their customers are at risk of financial harm from fraud, I'm not persuaded the value, the destination of the payments or the frequency of the payments were so unusual or suspicious for Monzo to have suspected Mrs M was at risk of financial harm - thereby prompting it to intervene before processing them.

However, for completeness, I've thought about what might have happened if Monzo had intervened on the payments and questioned Mrs M. On balance, I don't believe a warning would have impacted Mrs M's decision to make the payments. It's clear that she'd placed a significant level of trust in her friends and family members. So, if Monzo had questioned her about the scam it's likely she would have explained that her friends and family were dealing directly with the "investors", managing it on her behalf and that this was a long-term family investment. She's told us she trusted them with her funds so it's likely she would have shared this fact with Monzo. Considering this, even if Monzo had provided a warning highlighting the risks associated with an investment scam, I don't find that it would have resonated with her. And on balance, I believe she would have continued to make the payments.

Taking all of this into consideration, I don't think Monzo ought to have done more before following the instructions Mrs M gave.

Mrs M's representative has also requested compensation in addition to a refund of the scam payments made. But I can't see any reason which would suggest compensation is warranted in the circumstances of the complaint as I have not found anything to suggest Monzo have acted incorrectly.

Could Monzo have recovered Mrs M's funds?

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether Monzo could have done more to recover the funds after Mrs M reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. It's not clear if a chargeback has been attempted here. But I don't think that any chargeback would have had a reasonable chance of being successful, even if it had been attempted. This is because the money transfer company provided the service Mrs M had paid for by successfully transferring the funds to her friends and family. The funds were moved on to the scammers from there, so they wouldn't have been recoverable. The funds sent by faster payment by Mrs M were also sent on to the scammers by Mrs M's family and friends so I don't think there was anything further Monzo could have done to recover those payments in the circumstances.

I'm sorry to hear Mrs M suffered a financial loss as a result of what happened. But it would only be fair for me to direct Monzo to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Monzo has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

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

Aleya Khanom
Ombudsman