

## The complaint

Mr M complains that Monzo Bank Ltd (Monzo) is refusing to refund him the amount he lost as the result of a scam.

Mr M is being represented by a third party. To keep things simple, I will refer to Mr M throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr M tells us that an ex-employee contacted him and his friend as she had setup her own financial services company and was looking for investors. Mr M's friend was contacted first so Mr M checked with his friend that the investment was doing well, which at the time it appeared to be.

Mr M agreed to start investing and was advised to open multiple accounts, including cryptocurrency accounts as part of the investment process.

Mr M made the following payments in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	3 August 2023	Individual 1	Faster Payment	£140.00
2	8 August 2023	Individual 2	Faster Payment	£1,000.00
3	27 August 2023	Individual 1	Faster Payment	£4,000.00
4	27 August 2023	Individual 1	Faster Payment	£4,000.00
5	29 September 2023	Individual 3	Faster Payment	£4,100.00
6	7 November 2023	Individual 4	Faster Payment	£5,000.00
7	7 November 2023	Individual 5	Faster Payment	£5,000.00
8	22 November 2023	Mr M	Faster Payment	£2,000.00
9	22 November 2023	Mr M	Credit	£2,000.00cr
10	22 November 2023	Individual 6	Faster Payment	£2,000.00
11	25 November 2023	Individual 7	Faster Payment	£250.00
12	12 December 2023	Individual 8	Faster Payment	£3,000.00
13	12 December 2023	Individual 8	Faster Payment	£2,300.00
14	29 December 2023	Individual 9	Faster Payment	£940.00
15	30 December 2023	Individual 10	Faster Payment	£2,000.00
16	30 December 2023	Individual 11	Faster Payment	£2,000.00

The investment appeared to be going well until Monzo intervened on a payment Mr M attempted to make on 3 February 2024 for the value of £6,400. A call took place between Mr M and Monzo where Monzo asked Mr M a series of questions which led to the scam being uncovered and Mr M didn't incur any further loss from this point.

Our Investigator considered Mr M's complaint and thought it should be upheld in part. Monzo

disagreed, so this 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.

It has not been disputed that Mr M has fallen victim to a cruel scam. The evidence provided by both Mr M and Monzo sets out what happened. What is in dispute is whether Monzo should refund the money Mr M lost due to the scam.

#### *Recovering the payments Mr M made*

Mr M made payments into the scam via transfer. When payments are made by transfer Monzo has limited options available to it to seek recovery.

The payments Mr M made didn't go to the scammer directly, instead Mr M made legitimate peer-to-peer payments to individuals in exchange for cryptocurrency that was provided to him. As it took further steps for these funds to end up in the hands of the scammer, any attempts to recover the payments would have no chance of success.

#### *Should Monzo have reasonably prevented the payments Mr M made?*

It has been accepted that Mr M authorised the payments that were made from his account with Monzo, albeit on the scammer's instruction. So, the starting point here is that Mr M is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Monzo should have been aware of the scam and intervened when the payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

Fortunately, Monzo did intervene on 3 February 2024 when Mr M attempted a payment related to the scam and it was successful in identifying the scam and preventing any further loss.

Although the payments Mr M made were not identifiably being made in relation to cryptocurrency, and so didn't carry the same level of risk that cryptocurrency payments do. I still think Monzo should have intervened sooner.

The first payments Mr M made in relation to the scam were not for such a significant value that I think they should have caused Monzo to have concerns that he may have been at risk of financial harm.

Although by the time Mr M made payment 4 he was making a second payment the same day to the same payee totalling £8,000. Considering the total value Mr M was sending to this payee I think Monzo should have intervened, and it should have discussed the payment with Mr M.

It doesn't appear that Mr M was given a cover story by the scammer on what to say to Monzo had it intervened as identified in the later intervention when Monzo discovered the scam and prevented further losses.

So, I think it's fair to say that an earlier intervention at payment 4 would likely have resulted in the same outcome the later intervention did and had Monzo intervened when Mr M made payment 4 it's likely the scam would have been uncovered, and Mr M would not have incurred any further losses from payment 4 onwards.

Monzo has argued that at the time Mr M made the disputed payments the prior account activity was limited, and it was unable to identify a spending pattern for Mr M to say the payments were unusual.

I appreciate what Monzo has told us, but as I've said above, the value of the payments Mr M made in a single day was significant and I think, considering the value, the payments should have caused Monzo to have concerns, and it should have intervened sooner. So, Monzo is responsible for Mr M's loss from payment 4 onwards.

*Did Mr M contribute to his loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Mr M should share blame for what happened.

Mr M entered an investment process sending large sums of money without carrying out an appropriate level of research or receiving and formal advice. Mr M has also not been able to provide any evidence that shows a contract was in place as part of the investment and seems to have limited knowledge of how the investment really worked.

Had Mr M carried out more detailed research, or sought advice I think it's likely he could also have prevented the scam.

### **Putting things right**

To put things right I require Monzo Bank Ltd to:

- Refund the payments Mr M made in relation to the scam from payment 4 onwards less any credits he received in relation to the scam.
- Deduct 50% from this amount in relation to contributory negligence.
- Add 8% simple interest to the amount it pays Mr M from the date the payments were made to the date the refund is paid (less any lawfully deductible tax).

### **My final decision**

I uphold this complaint and require Monzo Bank Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 July 2025.

Terry Woodham  
**Ombudsman**