

The complaint

Mr R complains that Monzo Bank Ltd ('Monzo') hasn't reimbursed the funds he lost when he fell victim to a scam.

What happened

Mr R says that he found an investment opportunity with a company I'll call M online and started to communicate with other investors before deciding to invest himself. He bought cryptocurrency and sent it to wallet address details he was provided with. He could then see live trades on M's platform and profit being made.

I have set out in the table below the faster payments Mr R made to the cryptocurrency exchange.

Transaction	Date	Amount
1	09/11/23	£20
2	09/11/23	£3,690
3	14/11/23	£4,900
4	15/11/23	£4,850
5	16/11/23	£3,000
6	28/12/23	£5,550
		£22,010

I understand Mr R received a return of \$200 which went to an external account.

Mr R was asked to make a large payment to withdraw his funds and realised he was the victim of a scam. Through a representative, Mr R complained to Monzo in November 2024.

Monzo told this service that it had asked Mr R's representative for some additional information and the complaint was brought here before it issued its final response. It went on to say it is not responsible for Mr R's loss.

When Mr R brought a complaint to this service, he said Monzo failed to protect him when unusual transactions were made from a newly opened account and that Monzo's interactions at the time didn't go far enough.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She noted that Monzo had intervened, including warnings in its chat and a call in respect of payment six. In this call the investigator said that Monzo probed sufficiently but Mr R didn't provide full responses meaning that the risk associated with the payment seemed much less than it really was. Overall, the investigator said that while Monzo should have intervened sooner, it wouldn't have made a difference, and the payments would still have been made.

Mr R, through his representative, didn't agree with the investigator's findings. He said that it is unfair to hold him responsible for not volunteering information when Monzo, as the expert here, should have pushed further and asked more questions.

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 am required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

It's not in dispute that Mr R lost his money in a scam, and that he authorised the payments. In broad terms, the starting position at law is that a bank such as Monzo, is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

But that's not the end of the story. Taking into account the law, regulators' 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 any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enable it to do so; and
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape and the different risks these can present to consumers, when deciding whether to intervene.

The Lending Standards Board's Contingent Reimbursement Model Code doesn't apply in this case as it only applies to payments to another person, and Mr R's funds went to his own cryptocurrency account. So I can't consider what the CRM Code says about vulnerable customers as Mr R's representative has asked. There is also no evidence that Mr R made Monzo aware of any vulnerabilities when he opened the account, so it had no reason to provide additional support.

Should Monzo have recognised that Mr R was at risk of financial harm from fraud?

In this case Mr R opened his account with Monzo just before he started to make the scam payments, so Monzo knew nothing about his usual account activity.

It isn't in dispute that Mr R has fallen victim to a cruel scam here, nor that he authorised the payments he made by transfers to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

By November/December 2023, when these payments were made, firms like Monzo had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions. So by the time these payments were made I consider Monzo should have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

I think that by November/December 2023, when these payments took place, Monzo should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored effective warnings relevant to that scam for APP payments. I consider it should have done this when Mr R made payment two.

What did Monzo do to warn Mr R?

Monzo froze Mr R's account on 5 November 2023 and said that it needed to complete some additional security checks. Mr R responded and said, "Basically the money is being sent to my [cryptocurrency] account...I'm just purchasing crypto as a future investment." Monzo unblocked the account.

On 27 December 2023, when Mr R attempted to make payment six, Monzo again blocked Mr R's account. After providing some more general warnings Monzo said:

Please remember:

Be wary of adverts online and on social media promising high returns on investments. Social media platforms are not legitimate trading platforms.

Scammers will fake earnings to make it seem more believable [sic]

Most firms advertising and selling investments in crypto-assets are not authorised by the Financial Conduct Authority (FCA). You should always be able to check if the trading/investment company are registered with them. Here's a link to the register [link provided].

Scammers will tell you that profits are guaranteed, this is a scam.

Legitimate investments will never guarantee a profit.

Fraudsters will go to great lengths to convince you they are not a scam.

Remember, if something sounds too good to be true, it probably is.

Monzo also provided links to additional relevant information before speaking to Mr R. I have set out below some relevant information from the call (but haven't used exact quotes):

- Mr R said he regularly made investments and did online trading too. He used the cryptocurrency company to exchange and put funds on his trading platform.
- He regularly made investments.
- He does forex trading and was setting up a company for forex, precious metals, gold and silver. He used to invest in cryptocurrency.
- Nobody had contacted him, advised him or pressured him.

- He was fully aware of the risks and had traded on and off for years.
- He buys Ethereum, converts it and puts it in his personal external wallet which only he has access to.
- When asked how he got involved in the investment, Mr R said he was “dabbling into a bit of this and that”.
- He had been able to withdraw funds.
- His main investment is in metals and long-term projects, but he trades once or twice a month and does so systematically, looking at charts.

After the call, Monzo provided another investment scam warning, which said:

Scammers will:

Refer to themselves as an “investment advisor”, or “broker” or “account manager”

Ask you to set up multiple bank or cryptocurrency accounts

Ask you to move money from your bank to your crypto wallet and then move it using a wallet ID number into the scammers crypto account

Ask you to buy USDT to then send it into the scammers [sic] wallet under the guise that this is you making the investment

Use fake websites to convince you that their trades are genuine, however these sites are built and controlled by scammers

Use celebrity endorsements in adverts to convince you it's genuine, but these will be fake

Ask you to lie to us about the reason for this payment, or give you answers to tell us

Tell you to download software which will give them access to your phone

I would also recommend ending contact with anyone who is advising you on an investment immediately

If Monzo had provided a warning of the type described, would Mr R's losses have been prevented from payment two onwards?

I've thought carefully about what would have happened if Monzo had provided a warning tailored to investment scams when Mr R made the second payment. On balance, I'm not persuaded it would have prevented him from making the payment and will explain why.

Monzo provided Mr R with written warnings which included the type of information I'd expect it to provide both before and after its call with him in December 2023, but Mr R chose to go ahead and make the payment. I'm not persuaded that providing a similar warning at an earlier stage would have prompted a different response and prevented Mr R's loss.

Many of the points Monzo raised applied in Mr R's case. For example, he found the opportunity online, Mr R had been asked to open an account and move money to his cryptocurrency wallet, and the scammers used a fake website. There were likely other relevant factors like high or guaranteed returns, but the evidence Mr R has provided is very limited.

It is arguable that Monzo ought reasonably to have gone further than providing a written warning when the final payment was made, which Monzo did. But given the information provided by Mr R in this call (and the fact that relevant written warnings didn't resonate and break the scammer's spell), I'm not satisfied Monzo ought reasonably to have done more. Mr R provided misleading responses to Monzo's questions and led it to believe he wasn't new to investing and was acting wholly alone. But Mr R was being advised and was dealing with another company (M). And whilst Monzo should have probed Mr R's response in respect of funds going to a platform, I'm not persuaded he would have revealed the real position.

Mr R hasn't provided any of the messages he exchanged with the scammer, but in many similar cases victims are coached about what to say to their banks to ensure payments are processed. It may well be that this is what happened here. But, as I have said above, I don't think Monzo should have known this, based on Mr R's replies.

Overall, whilst I'm very sorry to hear of Mr R's loss and of the impact of the scam on him, I can't fairly require Monzo to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 October 2025.

Jay Hadfield
Ombudsman