

The complaint

Miss C complains that Monzo Bank Ltd ('Monzo') won't reimburse the funds she lost when she fell victim to two scams.

What happened

Miss C says that she received contact from an individual via a messaging app about an investment opportunity. She was asked to make an initial investment of £25 and told she would receive a return of £2,500. After this, Miss C says she was told she needed to pay further amounts to release her funds.

On 27 November 2023 Miss C realised she was the victim of a scam. She was in a distressed state and sought help from a group on social media. Miss C found an individual who claimed to be a cyber specialist who could help her to recover her funds. After her initial contact with this individual, Miss C says she received threats to make payments to avoid being in trouble with the FBI.

Between 7 November and 27 December 2023 Miss C made over twenty payments relating to the investment and recovery scams she fell victim to. The payments were to a money transfer service, an individual, an online payment services provider and to cryptocurrency accounts in Miss C's name, and ranged from £25 to £550.

Miss C reported what had happened to Monzo at the end of December 2023.

Monzo didn't agree to reimburse Miss C. It said that some payments were made to accounts in Miss C's own name, so Monzo wasn't the point of loss. Monzo also said that Miss C didn't take enough steps to check who she was paying and what for.

Miss C wasn't happy with Monzo's response so brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that the payments weren't so unusual and out of character that Monzo should have intervened when they were made, and that Monzo couldn't have done anything more to recover Miss C's funds.

Miss C was unhappy with the investigator's findings and asked for a final decision. She said that another bank she sent funds from had partially refunded her.

I reviewed Miss C's complaint. I agreed with the investigator's findings in respect of the claim outcome but felt that Monzo should pay Miss C compensation for the service it provided, so I issued a provisional decision on 4 June 2025. In the 'What I've provisionally decided – and why' section of my provisional decision I said:

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, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

I'm sorry to hear that Miss C has been tricked into making these payments. I understand the loss of the money has had a big impact on her.

Whilst Monzo hasn't signed up to the CRM Code, it has agreed to consider claims in accordance with it. But the CRM Code doesn't cover payments made by card or to an account in the customer's own name (such as the payments Miss C made to a cryptocurrency exchange). This means that the only transactions Miss C made from her Monzo account that are covered by the CRM Code are those to an individual. But Miss C received a credit of £700 before making payments of £400 and £300 to the individual (and other credits from individuals). This means that Miss C hasn't suffered a loss in respect of these payments so I can't fairly ask Monzo to consider them.

I've gone on to consider whether Monzo acted reasonably given its wider obligations to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam.

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 (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should:

- 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 firms are generally more familiar with than the average customer;*
- 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, enabled it to do so;*
- 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; and*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

In this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss C when she authorised payments from her account, or whether it could and should have done more before processing them.

Like the investigator, I'm satisfied that Monzo acted reasonably in processing the payments and will explain why.

While I recognise the loss is significant to Miss C, the value of each scam payment was relatively small, and they were made over a period of more than five weeks. Miss C also made some higher value payments in the period before the scam. The payments were to different payees, and some were to accounts in Miss C's own name. So I don't think they would have appeared out of character to Monzo. There's a balance to be struck - banks like Monzo need to be alert to fraud and scams and to protect their customers from fraud, but they can't reasonably be involved in every transaction.

I appreciate that Miss C says she was vulnerable when she made the payments. But I can't see that Monzo knew or ought reasonably to have known this at the time so I don't consider it should have put additional measures in place to protect Miss C. I can't consider the provisions of the CRM Code in respect of vulnerability here, as the code doesn't apply.

I understand that another bank has partly reimbursed Miss C but that doesn't mean Monzo should do the same thing. I can only consider the individual circumstances of this complaint.

I turn now to the service Monzo provided to Miss C. I think Monzo took too long to assess her claim. In a letter setting out how the scams unfolded Miss C referred to her vulnerability and to her mental state. She also discussed the impact of the scam in terms of her mental health. Miss C contacted Monzo and was simply told her claim was being reviewed. Monzo took four months to provide Miss C with an answer. In the circumstances, I'm provisionally minded to require Monzo to pay Miss C £150 compensation to reflect the unnecessary stress it caused her at a time that was already difficult.

Responses to my provisional decision

Monzo agreed to pay the compensation I recommended. Miss C said that while she was disappointed, she understood my reasoning. But Miss C said that the service she received from Monzo was so poor that it added insult to injury at an already difficult time. In particular, Miss C referred to the fact that Monzo failed to communicate with her. Miss C asked me to reconsider my award.

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.

After considering the responses received from both parties my decision is as set out in my provisional decision (which I have reproduced above). In summary, Miss C hasn't suffered a loss in respect of the payments caught by the CRM Code, and the transactions not covered by the code weren't so unusual that I think Monzo ought reasonably to have intervened. This means I can't fairly ask Monzo to reimburse the scam transactions.

I turn now to the amount of compensation Monzo should pay Miss C. I recognise that Monzo took too long to provide Miss C with an outcome and that the updates she received when she contacted Monzo weren't meaningful. Miss C didn't know if she'd get her money back and had vulnerabilities that she made Monzo aware of when she reported the scams. I have no doubt these factors would have compounded her distress further. But in considering compensation for distress and inconvenience, I've specifically thought about the impact of Monzo's actions, rather than the impact of the crime itself.

Taking these factors into account, I still consider that compensation of £150 is fair and reasonable in this case.

My final decision

For the reasons stated, I uphold this complaint and require Monzo Bank Ltd to pay Miss C £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 21 July 2025.

Jay Hadfield
Ombudsman