

The complaint

Mr B is unhappy that Monzo Bank Ltd haven't refunded money he lost as a result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In around November 2024 Mr B was contacted out of the blue by a merchant via a messaging service and offered a job online completing tasks in return for commission. The merchant told him to make payments from his Monzo account to a genuine crypto exchange before sending his money to the merchant. In total he sent two payments - £80 on 19 November 2024 followed by £4,000 the next day. Mr B realised he had been scammed when he was asked for more money to complete the tasks, and a family member told him it was a scam. So, he contacted Monzo who said they wouldn't offer a refund here as they hadn't done anything wrong. As a result, Mr B brought his complaint to this service.

Our Investigator felt the complaint should be upheld in part. He said that Monzo should've stopped the £4,000 payment and asked Mr B some probing questions about why he was making it. If it had done so, the scam would've more likely than not been uncovered. But he said Mr B should take responsibility for what happened equally with Monzo.

Mr B agreed with the Investigator.

But Monzo disagreed and asked for an Ombudsman's review. It said that Mr B had been a customer for less than 12 months which meant there was only a limited amount of account activity to compare these payments to. It didn't think the £4,000 payment was significantly unusual or suspicious enough to warrant intervention on size alone. Monzo said the payment was going to a well-established financial platform and to an account clearly linked to Mr B's name. Monzo added that it had received previous decisions from this service which would suggest such a payment wouldn't be considered suspicious.

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.

Having done so, I'm going to uphold this complaint in part.

Firstly, Monzo has raised a previous decision to support its reasons for not stopping any of the payments here. I would also like to make it clear that each complaint is decided by our service on its own facts and merits and I'm not bound by what our service might have found in other cases, whether similar to this one or not.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board

and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

It is common ground that Mr B authorised the scam payments of around £4,080. I accept that these were authorised payments even though Mr B was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr B is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Monzo to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Monzo's first obligation is to follow the instructions that Mr B provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Monzo to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Monzo to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Monzo to refuse to follow the instruction if there are good grounds to believe it is being made because of fraud or a scam. Monzo has argued that due to a lack of account history, there weren't a lot of previous transactions to compare the two payments he made to the crypto exchange with. Therefore, deciding on what payments were unusual wasn't easy for it to do.

By November 2024, when these transactions took place, firms like Monzo had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving job scams and cryptocurrency have increased over time. The Financial Conduct Authority (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.

Monzo should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name.

Overall, 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 in November 2024 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;
- 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 Monzo sometimes does); 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.

So, taking into account all of the above, I'm satisfied that by the time Mr B made these payments in November 2024, Monzo ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when sending money to crypto exchanges notwithstanding that the payment would often be made to a cryptocurrency wallet in Mr B's own name.

Taking the above into consideration, I'm satisfied the second payment Mr B made here was unusual for his account. It was a high value payment for him to make from this account to a high-risk crypto exchange. As a result, I'm satisfied Monzo should've stopped the payment and asked Mr B why he was making it. I appreciate Monzo's point that the account was recently opened and there wasn't a lot to compare these payments to. But given what I've mentioned above about payments to crypto and considering the previous transactions on the account, I think Monzo should've reasonably been concerned by the second payment Mr B made towards this scam.

If Monzo had stopped the payment and spoken to Mr B, I'd expect it to ask open ended questions about why he was making it. Monzo would've been aware of the increase in job scams that use crypto to make payments to fake a merchant. So, if it had asked some open-ended questions, I'm satisfied Mr B would've been honest about his reasons for making the payment and explained it was in relation to an online job opportunity. I've not seen any persuasive evidence he was told to lie or misled the bank at the time of the second payment. So, his answers would've raised a red flag to a trained fraud handler at Monzo, and further questioning would've revealed how Mr B had been contacted out of the blue and was completing tasks online to receive a commission.

As a result of the above I'm satisfied the scam would've been uncovered by Monzo.

Did Mr B act reasonably in the circumstances?

The investigator felt that responsibility for the loss should be shared equally between Mr B and Monzo. Mr B has agreed with the Investigator. To be clear, I'm satisfied the split in liability is reasonable in this instance and for similar reasons to those outlined by the Investigator.

As a result of the above, I'm satisfied that Mr B and Monzo should split responsibility for the losses involved here.

Recovery

Mr B made faster payments to a genuine crypto exchange before moving the funds to the scammers. So, there were no funds for Monzo to reasonably recover. As a result, it didn't treat Mr B unfairly by not attempting to recover his money here.

Putting things right

Monzo should refund Mr B 50% of the £4,000 payment he made towards this scam and add 8% simple interest per year to that amount from the date of the payment to the date of settlement.

My final decision

My final decision is that I uphold this complaint in part. Monzo Bank Ltd must do the following;

- Refund Mr B £2,000 and;
- Add 8% simple interest per year to that amount from the date of the payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 November 2025.

Mark Dobson
Ombudsman