

## The complaint

Miss S is being represented by solicitors. She's complaining about Monzo Bank Ltd because it declined to refund money she lost as a result of fraud.

## What happened

Sadly, Miss S fell victim to a cruel investment scam. After meeting a scammer online and speaking to them for some time, she was introduced to a fake investment scheme. As a result she was persuaded to transfer money from two different bank accounts to Monzo and then to a cryptocurrency account. I understand she then transferred the currency purchased to the scammers.

Miss S says the scammer supported and guided her throughout the process, including setting up her cryptocurrency account and an account with a fake platform that appeared to show investments being made and profits generated on her behalf. She also says she only realised it was a scam when she kept being asked to pay fees and taxes to access her money.

In January and February 2025, Miss S used her Monzo account to make the following transfers to the cryptocurrency exchange that I understand were all lost to the scam:

No.	Date	Amount £
1	3 Jan	150
2	16 Jan	2,650
3	25 Jan	1,000
4	29 Jan	2,000
5	30 Jan	500
6	13 Feb	5,000
7	14 Feb	5,000
8	17 Feb	6,615
9	19 Feb	2,500
10	19 Feb	2,510
11	22 Feb	8,316.80

Our investigator recommended the complaint be partly upheld. She felt Monzo should have intervened to question the reasons for payment 6 and provide appropriate warnings relating to investment scams. If it had done so, she concluded the scam would have been uncovered at that point and further losses prevented.

Monzo didn't accept the investigator's assessment. In defence of this complaint, it's made the following key points:

- The payments went to an account in Miss S's own name, meaning the fraud didn't occur on its platform and there was no foreseeable harm.

- We should consider any possible warnings from the other business involved in the chain of payments to the scam.
- We can't now know whether any intervention Monzo might have carried out would have been effective in stopping the scam. In her online chats with the scammer, Miss S assured them she wouldn't tell anyone about the investments she was making.

The complaint has now been referred to me for review.

### **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've reached the same overall conclusions as the investigator, and for broadly the same reasons. In deciding what's fair and reasonable, I'm 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 haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts.

In this case, there's no dispute that Miss S authorised these payment. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

This notwithstanding, there are some situations where we believe a business shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment. 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. 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;
- 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;
- have been mindful of – among other things – common scam scenarios, how 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.

Taking these points into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss S.

*Should Monzo have recognised that Miss S was at risk of financial harm from fraud?*

I must take into account that many similar payment instructions Monzo receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly. But at the same time, it knew these payments were going to a cryptocurrency exchange. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Monzo should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what Monzo knew about payments 1 to 5 at the time, I'm not persuaded it ought to have been particularly concerned about them. They were spread out over a period of nearly a month and the amounts were relatively low, so I don't think a pattern of multiple, rapid and increasing payments common to many known scams had begun to emerge. On balance, I don't find that there were sufficient grounds for Monzo to suspect Miss S may be at risk of financial harm from fraud and I can't reasonably say it was at fault for processing these payments in line with her instructions.

By the time of payment 6, however, Miss S had made six payments to cryptocurrency in just over a month and the amount had increased significantly from what had gone previously. This is the point at which I believe Monzo should have identified she may be at risk of harm from fraud and taken action designed to protect her.

*What did Monzo do to warn Miss S?*

Monzo has told us that it didn't intervene in any of those payments to ask about their purpose or show any fraud and scam warnings.

*What kind of warning should Monzo have provided?*

Having thought carefully about the risk payment 6 presented, I think a proportionate response to that risk would have been for Monzo to have attempted to establish the circumstances surrounding the payment before allowing it to leave Miss S's account. I think it should have done this by, for example, speaking to her on the phone to discuss the payment further and then providing appropriate warnings tailored to the type(s) of scam most likely to be taking place.

After reviewing the history of Miss S's chats with the scammer, I can see she was encouraged to keep what she was doing a secret from her friends and colleagues. But I've seen nothing to indicate she was coached about hiding the reason for the payments she was making from her bank or given a convincing cover story to offer up if she was asked about this. So while I accept Monzo's premise that we can't know for sure how she would have responded, I don't think there's any compelling evidence that she wouldn't have told the bank what she was doing either.

This notwithstanding, and whatever Miss S may have told the bank, I think Monzo should have identified the most likely type of scam to be associated with this type of payment to cryptocurrency was a scam involving a fake investment scheme. In the circumstances, I find that Monzo should have provided an appropriate tailored warning setting out some of the common features of this type of scam. For example, that victims are often approached online

by people they don't know, promised extremely high returns, told to hide what they're doing from others, that scammers have professional-looking websites and investment platforms, and ask for unexpected fees and taxes before returning any money.

*If Monzo had intervened as I've described, would that have prevented the losses Miss S suffered from payment 6?*

If Miss S had seen a warning like this, I think she'd have most likely recognised many of these features in her own situation and that it would have resonated with her. On balance, I think the most likely outcome is her eyes would have been opened to the scam and she'd have decided against continuing with the payment.

I think it follows that if the scam had been uncovered at the point of payment 6, payments 7 to 11 would also have been prevented.

*What about the actions of Miss S's banks?*

This was a multi-stage fraud that saw Miss S move money from two bank accounts to Monzo and then eventually onto the scammer. This complaint is about Monzo and it's not appropriate for me to comment here on whether or not the other banks should have identified she was at risk of harm from fraud and if they reacted proportionately. But to obtain a full picture of what took place, we have contacted those banks to establish if they attempted any kind of intervention before transferring her money to Monzo and, if so, how this affects my assessment of this complaint.

Both banks have responded to confirm they didn't question the payments or show any fraud and scam warnings. So I think it's clear there was no intervention by either bank that should particularly have alerted Miss S to the fact she was speaking to a scammer or that changes my views on how Monzo should have dealt with this situation and whether she acted reasonably in the circumstances.

*Is it fair and reasonable for Monzo to be held responsible for Miss S's loss?*

I have taken into account that Miss S remained in control of her money after making the payments from Monzo. It wasn't lost until she took further steps. But Monzo should still have recognised she was at risk of harm from fraud, made further enquiries about payment 6 and ultimately prevented her loss from that point. I think Monzo can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Miss S has chosen not to pursue a complaint about any other firm and I can't compel her to do so. And I don't think it would be fair to reduce her compensation because she's only complained about one firm, as I consider that Monzo should have prevented the loss.

*Should Miss S bear any responsibility for her losses?*

I've also considered all the information provided carefully to decide what's fair and reasonable in the circumstances. While I accept Miss S believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one throughout the course of the scam.

Miss S has said she was told she could expect returns of 50% on her investment. This was extremely high and I think she should reasonably have questioned whether this was too good to be true. In addition, she's said that some of the later payments were to cover fees

and taxes before she'd be able to withdraw her money. There's no indication she'd been told about costs to withdraw previously. In the circumstances, I think she ought to have proceeded with great caution. If she'd carried out further research, for example online searches, I think she'd have discovered her circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Monzo to make a 50% deduction from the redress payable.

### *Recovery of funds*

These payments aren't covered by the industry's reimbursement scheme for authorised push payment (APP) fraud as they went to an account in Miss S's own name. But I have looked at whether Monzo could or should have done more to try and recover her losses once it was made aware the payments were the result of fraud.

Miss S transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). Monzo could only try to recover funds from her own account and it appears all the money had already been moved on. If not, anything that was left would still have been available to her to access. In the circumstances, I don't think anything that Monzo could have done differently would have been likely to result in her money being successfully recovered.

### *In conclusion*

For the reasons I've explained, I don't think Monzo acted fairly and reasonably in its dealings with Miss S and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 5 in line with Miss S's instructions, if it had carried out an appropriate intervention before payment 6 left her account, I'm satisfied payments 6 to 11 would have been prevented.

### **Putting things right**

The principal aim of any award I make must be to return Miss S to the position she'd now be in but for the errors or inappropriate actions of Monzo, while allowing for any responsibility she should reasonably bear. If Monzo had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and she'd have retained the money that was lost from payment 6 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Miss S's own contribution to the loss.

To put things right, Monzo should pay Miss S compensation of A + B, where:

- A = a refund of 50% of each of payments 6 to 11; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Miss S for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Monzo to deduct tax from any interest. It must provide Miss S with a certificate showing how much tax has been deducted if she asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

**My final decision**

My final decision is that I partly uphold this complaint. Subject to Miss S's acceptance, Monzo Bank Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 February 2026.

James Biles  
**Ombudsman**