

The complaint

Mr A complains Monzo Bank Ltd won't refund money he lost as part of a crypto investment scam.

Mr A is being supported in making his complaint by a representative, but for ease, I'll refer to Mr A throughout this decision.

What happened

Mr A has explained that in September 2024; after being contacted out of the blue, he joined a crypto trading group chat linked to what we now know to be a scam trading company. The scammers provided Mr A with documentation to show that the trading company was FCA registered. But the trading company Mr A was dealing with was unfortunately a clone of a legitimate FCA registered company.

Mr A opened an account with Monzo and transferred funds from an existing account with a different banking provider (Bank H) to his Monzo account to facilitate the scam payments. Mr A also made payments to the scam from his account with Bank H. And he took out loans.

Mr A then transferred funds from his Monzo account (and from Bank H) to an account in his name with a legitimate crypto exchange (which I'll refer to here as 'C'). From there the funds were forwarded to the scam trading company and unfortunately lost to the scam.

Between 13 October and 15 December 2024 Mr A made 16 faster payments from his Monzo account to 'C' totalling just over £131,000. The payments ranged from £400 to £10,000.

Monzo spoke to Mr A about the first payment (a £4,000 payment made on 13 October 2024). It asked him several questions relating to the risks associated with crypto investment scams: challenging Mr A on his knowledge of crypto and his investment experience. Satisfied with the responses Mr A provided, the £4,000 payment was released and Monzo didn't intervene in any further payments.

Mr A has said he believed he'd accumulated a profit of 20 million USDT and was keen to start making withdrawals. But he began suspecting he'd been scammed when he was told he needed to pay fees to make those withdrawals. At this point, Mr A contacted the actual FCA registered trading company who confirmed he'd been dealing with a scam trading company.

Mr A reported the matter to Monzo in January 2025. In summary, he thought Monzo hadn't done enough to protect him. Monzo thought it had done nothing wrong and that it had taken appropriate and proportionate action. Unhappy with Monzo's response, Mr A referred his complaint to the Financial Ombudsman.

One of our Investigators considered the complaint but didn't uphold it. Essentially, he thought Monzo had taken proportionate action in relation to the £4,000 payment, but that it should've spoken to Mr A again in relation to a £10,000 payment to 'C' on 8 November 2024, given the pattern that was emerging and the velocity of the payments.

But our Investigator didn't think any other warnings or questioning by Monzo in relation to any of Mr A's payments would've likely made a difference given how heavily influenced he was by the scammers. And that after advice from the scammers, Mr A had misled both Monzo and Bank H when questioned about the purpose of his payments.

Finally, our Investigator thought there was no reasonable prospect of Monzo being able to recover the lost funds at the point it was alerted to the scam.

Mr A disagreed and asked for an Ombudsman's final decision. In short, he didn't think Monzo's intervention in the £4,000 payment was proportionate and that it didn't go far enough to tease out the key hallmarks of crypto investment scams.

He also didn't accept that he'd been so heavily coached by the scammers to the extent that he wouldn't have been receptive to appropriate warnings from Monzo. Mr A said this was particularly true at the point of the £10,000 payment on 8 November 2024, given he'd expressed some doubt about the legitimacy of the investment with the scammers around that time.

Finally, Mr A referenced other cases upheld by the Financial Ombudsman in support of his complaint.

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 conclusion as our Investigator and for largely the same reasons. I'll explain why.

But first, I would like to say that if there's a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Monzo was responsible for Mr A's loss.

I should also point out that whilst being mindful of previous decisions made by the Financial Ombudsman, I review each case on its own merits. And although, for background and context, I've considered Mr A's complaint about Bank H, my findings here relate only to the actions of Monzo.

As a starting point, Mr A doesn't dispute that the payments were made in line with his instructions to Monzo; and Monzo has referred to evidence which further supports that he made the payments. So, although he didn't intend the money to go to the scammers and believed that his money was going to a legitimate investment, under the PSRs and the terms of his account, Mr A is presumed liable for his loss in the first instance.

However, taking into account the regulatory rules and guidance including the Consumer Duty, 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 to help protect customers from the possibility of financial harm from fraud.

The question then arises whether Monzo ought reasonably to have held such suspicions or concerns in relation to Mr A's payments (individually or collectively) — and if so, what might've been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if Monzo acted fairly and reasonably in its dealings with Mr A when he made the payments. Specifically, whether it should've done more than it did before processing the payments – and if it had, would that have made a difference. I also need to decide if Monzo could've reasonably recovered the lost funds.

Should Monzo have intervened in the payments?

When considering this point, I've kept in mind that banks such as Monzo process high volumes of transactions each day, and that there is a balance for Monzo to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate.

Further to that, where there is an interaction between a customer and a bank before a high value payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment. And so, I think it was right for Monzo to find out more about the £4,000 payment given its value and because it was identifiably linked to high risk crypto.

With all that in mind, I've considered carefully whether Monzo went far enough when it questioned Mr A about the £4,000 payment.

Having listened to the telephone call I think Monzo took proportionate steps to satisfy itself that Mr A wasn't at risk of financial harm. It asked him the questions I'd expect it to ask in connection with crypto investment scams; alerting him to the key hallmarks of such scams, and Mr A provided confident and specific responses.

Of relevance is that Mr A confirmed none of the crypto investment scam hallmarks applied to him and that he would never invest money that he couldn't afford to lose. He demonstrated an element of understanding of how crypto investments work, as well as confirming he'd been investing for around four years, having invested around £10,000 to £15,000 in various crypto currencies.

Mr A also said he had more general investment experience in stocks and shares and had carried out research before investing in crypto, and that it was being done independently; with no third party involved.

Monzo spoke at length about how good scammers are at coaching and manipulating their victims into thinking banks are overly cautious when it comes to payments relating to crypto, and how they will often advise on how to get around any restrictions that are put in place. Monzo specifically said to Mr A that "*no one will ever tell you to lie to your bank*" and warned that if he has lied, then he is less likely to get his money back.

Firstly, I don't agree with Mr A that Monzo didn't ask appropriate and proportionate questions. During the twenty-minute call it asked him specific questions about the investment, how he became interested in it and how it worked, as well as questions designed to tease out what crypto experience Mr A had. It also asked Mr A follow up questions based on the responses he provided.

I also don't think Mr A was entirely honest with Monzo, specifically in relation to the involvement of a third party and his previous experience of crypto. And, crucially, not being receptive to Monzo's warnings about scammers providing their victims with cover stories.

As our Investigator explained, because Mr A didn't answer Monzo's questions accurately nor did he disclose the true details surrounding the scam, this impacted Monzo's ability to take appropriate action to protect him.

So, looking at the interaction Monzo had with Mr A about the £4,000 payment, I think it took reasonable and proportionate steps to try and protect him based on the information he provided.

I can't therefore reasonably say Monzo was at fault for processing Mr A's £4,000 payment in accordance with his instructions.

I do however agree with our Investigator, and with Mr A, that Monzo should've spoken to him again in relation to the £10,000 payment made on 8 November 2024. But as I'll go on to explain, I'm not persuaded that *any* level of further intervention by Monzo in Mr A's £10,000 payment, or any of his other scam payments, would've likely prevented his loss.

Would further intervention by Monzo have prevented Mr A's loss?

For me to find it fair and reasonable that Monzo should refund the payments to Mr A would require more than a finding that it should've done more to intervene when he made his payments. Crucially, I'd also need to find that but for that failure, the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that proportionate intervention by Monzo wouldn't have revealed any of Mr A's payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

I've given the causation point very careful thought and agree with our Investigator for the following reasons:

- Before making the payments to Monzo, Mr A is in almost daily contact with the scammers for a period of more than two weeks. He talks about his work and personal life, building up a strong rapport with the scammers. He also mentions his interest in crypto and how he'd been reluctant to get involved before due to the fear of getting scammed. But that on speaking to the scammers, it's clear that because of the apparent knowledge and reassurance the scammers articulated, Mr A has complete confidence in the investment opportunity on offer.
- Mr A checks the FCA regulatory status of the trading company with the scammers – to which they say: *"I can send you the regulatory certificate. There is no doubt that [the trading company] is regulated by the UK government."* This information, albeit we now know, related to the genuine trading company, provided Mr A with reassurance of the scam trading company's legitimacy.
- There's significant and clear evidence to demonstrate that the scammers were guiding Mr A on what to say when challenged about the payments by both Monzo and Bank H. The scammers justified this to Mr A by suggesting that divulging the true nature of the trades could breach confidentiality given the competitive nature of the trading industry. Mr A at no time questions this with the scammers – instead saying that he *"100% agreed"*.
- After speaking to Monzo and Bank H, Mr A updates the scammers on what he said to bypass the checks. The scammers further manipulate Mr A by reassuring him banks have his best interests at heart; but that they can be a hinderance to legitimate banking activity.
- There's a clear pattern of Mr A resorting to input from the scammers when he needed any advice or help in making the payments and/or the investment. And whatever advice he was given, Mr A followed without question or pushback; even when that advice was to mislead his banks to ensure payments were processed.
- Mr A wasn't honest with either Monzo or Bank H about the true nature of the investment. In calls with Bank H, he said payments to his Monzo account were for savings and that another payment related to the purchase of sound systems equipment. When talking to Monzo, Mr A mirrored the cover story given to him by the scammers – despite Monzo clearly explaining that scammers will often coach their victims and tell them to lie to their bank and/or provide a cover story.
- Mr A told the scammers that his friends were asking him about the investment and were being *"nosy"* when he asked if he could borrow funds. This demonstrates Mr A's overall desire to keep the investment secret – in line with the scammers' instructions.

I'm aware that by the time of the £10,000 payment on 8 November 2024 Mr A had started to show the first signs of doubt – particularly around the need to pay a fee to make withdrawals. Mr A has argued that because of this, an intervention by Monzo in relation to this payment would've resonated with him and prevented further loss. I've given this point very careful thought.

From looking at the scam chat I can see that by the time of the 8 November 2024 payment Mr A's concerns had been allayed after he was put in contact with another of the scammers

(Prof S). Such was Prof S's ability to reassure Mr A, that Mr A entered into a fee agreement and started the process of taking out two loans to fund the fees. Mr A doesn't express any further concerns until around the 18 December 2024 – at which time he still turns to the scammers for reassurance and advice.

I can fully appreciate, that, with the benefit of hindsight, Mr A feels that Monzo missed a vital opportunity here to prevent further loss. But when looking at all the evidence, it's clear to me that by this point in the scam, Mr A's desire and motivation to release his 20 million USDT profit, combined with his underlying trust in the scammers, overrode any concerns he had about the legitimacy of the investment.

And even if Monzo had spoken to Mr A about the £10,000 payment on 8 November 2024, I think, on balance, that he would've more likely than not have maintained his cover story. A cover story that he had conveyed confidently, articulately and consistently - reassuring Monzo that he was investing for legitimate purposes.

I think it's also likely that Mr A would've told Monzo that the trading company was FCA registered (which at that time he believed it to be). Further, if Monzo had raised any concerns during those interactions, the evidence suggests to me that Mr A would've likely sought reassurance from Prof S, as he had done a few days earlier.

All this leads me to conclude that it's more likely than not, on balance, that Mr A would've proceeded with his payments – even if Monzo had gone further in alerting him to the risks involved and the checks he should make. Mr A was clearly completely under the spell of the scammers – at no time questioning the advice he'd been given, despite clear warnings from Monzo about the prevalence of coaching and cover stories being used as part of investment scams.

Taking all this into account, I'm not persuaded, in the circumstances of this complaint, that any proportionate intervention from Monzo would've likely prevented Mr A's loss on either the £4,000 or £10,000 payments, or on any of his other payments.

Did Monzo do enough to try and recover the lost funds?

In terms of Monzo's attempts to recover the lost funds at the point it was alerted to the scam; I also agree with our Investigator here. The payments were sent to a crypto exchange in Mr A's own name ('C') and in his control – and then onto the scammers. So, no funds remained, but if they had, they would've been available for Mr A to access.

I have a great deal of sympathy for Mr A and the loss he's suffered, as I appreciate it is a significant sum of money. But it would only be fair for me to direct Monzo to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Monzo has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision **before 9 January 2026**.

Anna Jackson
Ombudsman