DRN-5663579

The complaint

Miss M complains that Monzo Bank Ltd won't refund money she says she lost to an investment scam.

Miss M is being supported in making her complaint by a representative. But for ease, I'll only refer to Miss M in this decision.

What happened

The background to this complaint is familiar to both parties, so I'll only refer to some key events here.

Miss M said that in 2022 she found out about an investment company (which I'll refer to here as 'T') via groups she was part of on social media. She says she was invited to attend a webinar hosted by a representative of 'T' (who I'll refer to as Mr C) where it was explained how the investment it offered worked.

Miss M explained that 'T' undertook investments on behalf of people in a wide range of things such as forex, emerging markets and commodities. She added that she was promised returns of 7% per month and was reassured by the fact 'T' was regulated in another country (not the UK). Miss M says that she understood her investment to be in forex trading, with payments first being made to a crypto exchange before being transferred onto 'T''s trading platform.

Before deciding to invest, Miss H says she reviewed 'T''s website and documentation, as well as carrying out online checks. She said she found 'T' to be "*highly knowledgeable and professional"* and was reassured by its global presence.

Miss M then made the following faster payments from her Monzo account as part of the investment. The payments were made to an account in Miss M's name with a legitimate crypto exchange (which I'll refer to here as 'B'), via its payment processor, before being transferred onto 'T'.

Date	Amount
12/7/2022	£100
12/7/2022	£9,900
13/7/2022	£10,000
14/7/2022	£5,000
4/8/2022	£6,975
12/8/2022	£2,000
13/9/2022	£2,000
14/9/2022	£10,000
15/9/2022	£4,975
5/10/2022	£10,000
6/10/2022	£10,000

7/10/2022	£5,000
12/10/2022	£4,000
16/10/2022	£10,000
17/10/2022	£5,000
11/12/2022	£10,000
13/12/2022	£10,000
31/12/2022	£983
31/12/2022	£9,000
31/12/2022	£10,000
31/12/2022	£1,000
6/1/2023	£10,000
7/1/2023	£10,000
Total	**£155,933**

Between March and December 2022 Miss M also made payments towards the investment from another account in her name with a different banking provider (which I'll refer to as 'N'). She also made payments towards the investment from a business account with an EMI (which I'll refer to here as 'W') and from a business account held with another firm (which I'll refer to as 'TP').

Monzo has said it provided it's standard 'new payee' and 'could this be a scam' warnings – but didn't flag any of the above payments as suspicious.

Miss M explained that she received returns on her investment, but that this was reinvested with 'T' to fund a property and upcoming wedding. She later learnt that 'T' had converted her funds into its own crypto currency coin without her consent – and that communication with 'T' ceased after the crypto currency "*purportedly crashed, rendering it worthless*". At this point Miss M started to think she'd been the victim of a scam.

On 8 March 2024 Miss M complained to Monzo. Essentially, she thought it should've questioned her about her payments, at which point she said the 'scam' would've been uncovered and her subsequent loss prevented. Miss M wanted her loss refunded, together with 8% interest for the loss of use of funds.

Monzo didn't uphold the complaint. It said Miss M made the disputed payments to an account in her own name ('B') and over which she had control. And so, it said it wasn't the point of loss. Miss M referred her complaint to the Financial Ombudsman. She said:

"*I don't believe there were sufficient checks done at the time for my transactions and as such I wasn't protected as a customer.*

I moved large amounts of money out of the account and I wasn't helped. I don't believe adequate security checks were in place at the time".

Our Investigator didn't uphold the complaint. In summary, she didn't believe there was conclusive evidence that 'T' was a scam. In particular, she said:

- Although not regulated by the Financial Conduct Authority (FCA), 'T' is a legitimate business which is still active.
- 'T' is still regulated (albeit outside of the UK) and has been since 2016.
- There is no evidence that Miss M's funds hadn't been invested as expected.
- There is no proof that 'T' intended to defraud its investors from the offset.

- ‘T’ might’ve made poor financial decisions; but this doesn’t prove it to be a scam.

Further to the above points, our Investigator didn’t think Monzo should’ve been overly concerned about the two payments made on 12 July 2022 – given their size and Miss M’s historical account usage. But she thought Monzo should’ve questioned Miss M about the £10,000 payment made on 13 July 2022. However, she didn’t think this would’ve prevented Miss M’s loss given she was convinced that ‘T’ was a genuine investment; and because there was no adverse information about ‘T’ at the time of the payments. Our Investigator also pointed out that Monzo wouldn’t be expected to provided investment advice.

Miss M disagreed and asked for an Ombudsman’s decision. In short, she argued ‘T’ was a scam and that this could’ve easily been uncovered by Monzo if it had intervened appropriately in her payments.

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 decided not to uphold this complaint. I know this is not the answer Miss M was hoping for, and so this will come as a disappointment. I’m really sorry to hear about the situation she’s found herself in, and I can understand why she’d want to do all she can to recover the money she lost. But I need to decide whether Monzo can fairly and reasonably be held responsible. Overall, I’ve decided that it can’t be. I’ll explain why.

I’ve considered this case on its own merits and focussed on what I think is the heart of the matter here. As a consequence, if there’s something I’ve not mentioned, it isn’t because I’ve ignored it - I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I consider is a fair and reasonable outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

As such, the purpose of my decision isn’t to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case. For context, I’ve considered the circumstances of Miss M’s linked complaints about ‘N’, ‘TP’ and ‘W’ – but my findings in this decision relate only to the actions of Monzo.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some complaints simply involve high-risk investments that resulted in disappointing returns or losses. Some traders may have promoted these products using sales methods that were arguably unethical or misleading.

However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they don’t necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

It isn’t in dispute that Miss M authorised the faster payments she made to ‘B’ for the purchase of crypto. The payments were requested by Miss M using her legitimate security credentials provided by Monzo. In line with the Payment Services Regulations 2017, consumers are liable for payments they authorise. Monzo is expected to process authorised payment instructions without undue delay.

Monzo also has obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on the funds having been lost to a fraud or scam.

Miss M strongly believes that 'T' was operating a scam, and that Monzo ought to have intervened in her payments. But on researching 'T', I can see that it was incorporated in an overseas jurisdiction. It was regulated by the financial services regulator in that jurisdiction at the time of the disputed payments, and 'T' remains regulated, albeit under a different name.

While regulatory requirements can vary from one jurisdiction to another, in my opinion, a scammer is highly unlikely to want any kind of regulatory oversight, given the likelihood of its true purpose being discovered.

Further to that, I recognise 'T' may not have been regulated to offer services in the UK at the time of Miss M's payments. I also acknowledge that two overseas regulators had issued alerts about 'T' about offering services in their jurisdiction without license. And, in 2023, its regulator took steps to address management issues and concerns regarding shareholder influence. While this information does indicate that there may have been some poor business practices in some areas, it's not enough evidence that 'T' was set up to defraud customers, as Miss M has claimed.

For completeness, even if I were to accept that Miss M had been scammed, and Monzo ought to have done more to protect her – I don't think her loss would've likely been prevented. I'll explain why.

For me to find it fair and reasonable that Monzo should refund the payments to Miss M requires more than a finding that Monzo ought to have intervened. I would need to find not only that Monzo failed to intervene where it ought reasonably to have done so — but crucially, I'd need to find that but for this 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 such a proportionate intervention by Monzo wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

In thinking about this, I've considered what a proportionate intervention by Monzo at the relevant time would've constituted, and then what I think the result of such an intervention would most likely have been.

To reiterate, Monzo's primary obligation was to carry out Miss M's instructions without delay. It wasn't to concern itself with the wisdom or risks of her payment decisions.

In particular, Monzo didn't have any specific obligation to step in when it received a payment instruction to protect its customers from potentially risky investments. The investment with 'T' wasn't an investment Monzo was recommending or even endorsing.

Monzo's role here was to make the payments that Miss M had told it to make. she'd already decided on that investment. And I find that Monzo couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Miss M's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Miss M (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of Monzo in any proportionate response to a correctly authorised payment instruction from its customers.

That said, I agree with our Investigator that Monzo should've questioned Miss M about the £10,000 payment made on 13 July 2022 – given she had, by this point, attempted to transfer £20,000 to 'B' in just over 24 hours.

And so, I think it was proportionate here for Monzo, as a matter of good industry practice, to have taken steps to establish more information about the £10,000 payment. What matters here is what those steps might be expected to have uncovered at the time.

Whilst I can't be sure how Miss M would've responded to Monzo's questions, I know from a phone call she had with 'N' in March 2022 for another £10,000 payment, that Miss M confirmed that she was investing in crypto and that she had done so before. She said that her account with 'B' was in her own name and that she had control of it. Miss M also said she had made successful payments to 'B' before which she could see in her account balance. Finally, Miss M said she'd not been "*advised*" to invest and had done her own research. I've no reason to suspect that Miss M wouldn't have responded to Monzo in similar terms as she did to 'N'.

I accept that it is possible that further probing by Monzo might've resulted in Miss M mentioning 'T'. And I'd expect it to then discuss with Miss M what checks she had undertaken to ensure the legitimacy of 'T'. But I don't think Miss M's likely responses would've been of concern to Monzo. I say that because Miss M thought the investment was entirely legitimate – having attended a webinar, carried out her own research and received returns.

And even if Monzo had encouraged Miss M to carry out further checks into 'T', I think it's likely, on balance, those checks would've resulted in confirmation of 'T''s regulation (albeit oversees) and being directed to the regulator's website.

Furthermore, there wasn't much adverse information about 'T' before July 2022; aside from the investor alerts which I've mentioned above; and most negative reviews were about delays with withdrawals, or customer service issues - which investors were made aware of via 'T''s chat group.

It appears that some scam reviews appeared about 'T' from October 2022, with mention of funds being turned into its own crypto currency coins; and questions raised about the license of 'T'. But again, this was announced to investors in advance. And given Miss M continued to invest in 'T' until January 2023 – suggests to me she had no obvious concerns.

I think it's also of significance here that Miss M has said she was keeping herself well informed on the investment, specifically saying that she was:

"Engaging with webinars by [Mr C] *and receiving updates on funds from other investors influenced* [her] *decision to maintain funds for interest earnings.*"

So, if Monzo had raised any concerns about 'T', I think there's a strong possibility that those concerns would've been allayed by Mr C, or by other investors that Miss M was in contact with.

All things considered, I can only reasonably expect any intervention or enquiries made by Monzo to have been proportionate to the perceived level of risk of 'T' being fraudulent.

So, even if I had been persuaded, from the evidence I've seen, that 'T' was a scam, I don't think, on balance, that a proportionate enquiry in 2022 into any of Miss M's payments would've led to either Monzo or Miss M considering 'T' being anything other than legitimate.

With that in mind, and all considered, I'm not persuaded that Monzo was at fault for carrying out the relevant payment instructions, or for not preventing Miss M from making her payments.

On a final note, I've considered whether, on being alerted to the scam, Monzo could reasonably have done anything more to recover Miss M's losses, but I don't think it could have. The payments were for the purchase of crypto that was forwarded on to 'T'. Monzo could've only sought to recover funds from the crypto provider ('B'), but no funds would've remained. And if they did, they would've been in Miss M's own control to access.

I have a great deal of sympathy for Miss M and the loss she's suffered. But it would only be fair for me to direct Monzo to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell it to do anything further.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss M to accept or reject my decision **before 28 August 2025.**

Anna Jackson
Ombudsman