

The complaint

Miss D complains that Monzo Bank Ltd won't refund the money she lost to a scam.

What happened

Miss D had seen various social media posts regarding a cryptocurrency trader, these posts claimed to show significant success for people who used the services of this trader, and Miss D was interested in getting involved. She spoke to the trader on the phone and he said he could place trades on her behalf, he claimed to have many years of experience. Unfortunately, and unknown to Miss D, this person was not a legitimate trader, he was a scammer.

In total, Miss D made four payments totalling £19,000 to an account controlled by the fraudster, from her Monzo account. She believed she'd be seeing returns within four weeks, but when these did not materialise she realised she had been scammed and reported the matter to Monzo.

Monzo assessed Miss D's claim under the Contingent Reimbursement Model (CRM) Code, which it has agreed to follow the principles of. The CRM Code sets out that banks should refund victims of authorised push payment (APP) scams (like Miss D), in all but a limited number of circumstances. Monzo said as Ms D didn't take enough steps to check who she was paying or what for, that she lacked a reasonable basis for belief. It also said that it felt it had provided Miss D with effective warnings prior to the last two payments she made to the scam, but that Miss D had still chosen to go ahead with the payments. As a result, Monzo declined to refund any of Miss D's loss. Miss D was unhappy with Monzo's response to her complaint, so she referred her concerns to our service.

Our Investigator looked into Miss D's complaint, and they agreed she didn't have a reasonable basis for belief under the CRM Code. They also felt that HSBC could not have done more to prevent the scam, so they did not feel it had failed in its obligations to Miss D under the CRM Code, they therefore did not feel that Miss D was entitled to a refund of any of her loss.

Miss D did not accept this outcome, so as no agreement could be reached, this case was passed to me to be decided.

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.

It's not in dispute that Miss D made the payments to the fraudster herself. So, in accordance with the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. However, as I've already set out, Monzo has agreed to abide by the principles of the CRM Code.

The starting position under the CRM Code is that Monzo ought to refund Miss D, unless it can establish an exception to reimbursement applies. Such exceptions to reimbursement include (as far as is relevant to this complaint) that Miss D “made the payment without a reasonable basis for believing that the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.”

In this case, I think that Monzo has fairly established that the above exception applies. Overall, I find that Miss D ought to have done more to verify that the person she was dealing with was actually able to offer her what they claimed. I note that the returns they were claiming to offer were very high, and in my mind significant enough to really be considered as too good to be true. And all of this was arranged via an informal social media messaging service, not what one might expect from a legitimate investment opportunity. Miss D says that she saw various evidence of other individuals successfully making profits from this scheme but this all appears to have come from the scammer, I can’t see that Miss D took any steps to independently verify what they were telling her. I do note that the scammer told Miss D they were dealing with a legitimate group that traded in NFTs, but while that group may have been legitimate, there was nothing to show how the individual Miss D was paying was linked to that group.

Miss D has said she carried out a significant amount of due diligence, but this is not evidenced in the screenshots and other information she has sent us. And whilst I accept that the social media posts she says she had seen might have been persuasive, I’ve not seen any evidence from outside of social media regarding the legitimacy of the individual she was making the payments to. With this in mind, given the large amount she was being asked to pay, I think she ought to have had significant concerns about the transactions she was making.

And when it came to the later scam payments, Miss D had also been clearly told by Monzo that she was being scammed, yet she still went ahead with these payments. With all this in mind, under the CRM Code, I think Monzo can fairly hold her at least partially liable.

Standards for firms

The CRM Code requires a firm to provide an effective warning where it identifies an APP scam risk in a payment journey. I’m persuaded there was enough going on for Monzo to have identified a scam risk when Miss D made the first payment of £5,000 given its value and that it was to a new payee. Monzo did not provide any warning regarding either that payment or the second payment to the scam, made a few days later.

However, the Code also says that the assessment of whether a firm has met the standard or not should involve consideration of whether compliance with that standard would have had a material effect on preventing the scam that took place. That is to say, had it provided an effective warning to Miss D at that time, would that have prevented the scam?

But given that after the second payment Monzo did contact Miss D, told her outright that she was being scammed, and refused to process any more payments to that recipient account, and that Miss D then went on to make payments to a different account belonging to the scammer instead – thereby circumventing the block that Monzo had applied – it’s difficult to see how an effective warning provided by Monzo at that stage could have protected Miss D. She seems to have been very much set on making the payments to the scammer, regardless of what she was told by the bank.

I also think it is worth noting that Miss D appears to have been not entirely honest with Monzo when it did question her about the later payments. She claimed that the person she

was paying was her cousin, or at least someone she knew very well and had met in person, but that was not true. So, given that Miss D appears to have been willing to be dishonest with Monzo, and that she did not take heed of a clear warning that she was being scammed, I don't think I can reasonably say that any intervention from Monzo earlier in the scam would have been able to prevent her loss. And for these reasons, I find that Monzo is not liable for Miss D's loss.

Recovery of funds

Monzo says Miss D raised her scam claim four months after the last scam payment had been made, and it contacted the bank she sent the funds to at that time, but unfortunately none of Miss D's funds remained. And given the time that had passed since the scam payments, I can't see that there was anything more Monzo could have done here to recover Miss D's funds.

Whilst I'm very sorry Miss D has fallen victim to this cruel scam – and I have no doubt it's had a huge impact on her life both financially and emotionally, for the reasons I've explained, I don't find Monzo can fairly or reasonably be held liable for her loss.

I do acknowledge that there were some issues with the level of service Monzo provided to Miss D during the claim process, specifically around delays in providing a meaningful response to her concerns. I'm satisfied that the £75 recommended by our investigator is appropriate compensation to recognise the impact of these issues in the circumstances of this complaint.

Putting things right

To resolve this complaint Monzo should pay Miss D £75.

My final decision

I uphold this complaint in part, Monzo Bank Ltd should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 31 July 2025.

Sophie Mitchell
Ombudsman