

The complaint

Mrs J complains that Monzo Bank Ltd failed to protect her from losing money in an investment scam.

A professional representative, W, has brought the complaint to the Financial Ombudsman Service on Mrs J's behalf.

What happened

Mrs J became involved in the scam after responding to a Facebook advertisement promoting cryptocurrency. She was invited to a WhatsApp group operated by an alleged investment academy, led by a 'professor' who claimed to provide profitable trading tips using an AI-powered system.

The group appeared to include several successful investors, and Mrs J also engaged in one-on-one WhatsApp conversations with someone claiming to represent the academy. This individual instructed her to set up an account on a fraudulent trading platform, which she was told was necessary to follow the academy's strategy. She was also advised to create an account with a legitimate cryptocurrency exchange, Kraken, to fund the trading platform. Shortly after opening the Kraken account, Mrs J made an initial £10 payment from her Monzo account.

Before making any payments to the scam platform, Mrs J was invited to take part in a 'test' where free funds were credited to her trading account. She was told she could keep any profits, and she successfully withdrew funds to her Kraken account, with part of the amount transferred back to her Monzo account.

Convinced of the academy's legitimacy, Mrs J began investing her own funds. Between October and December 2024, she made multiple payments from her Monzo account to participate in what she believed were investment opportunities, which later proved to be fictitious. After exhausting her own funds, she was misled into believing she had entered into a loan agreement to obtain additional capital for one of these trades.

When she was unable to repay the 'loan,' all her supposed assets on the trading platform became inaccessible, and she was told she needed to pay further fees to release them. After warnings from friends and family, Mrs J ultimately realised she had been defrauded and had lost all her funds.

The payments involving her Monzo account are outlined below:

Payment number	Date and time	Merchant	Amount	Payment Details
1	30 August 2024	Kraken	-£10	Faster Payment
2	2 September 2024	Kraken	+£98.05	Credit
3	2 October 2024	Kraken	-£500	Faster Payment
4	11 October 2024	Kraken	-£900	Faster Payment
5	25 October 2024	Kraken	-£600	Faster Payment

6	17 November 2024	Kraken	-£2,500	Faster Payment
7	11 December 2024	Kraken	-£2,700	Faster Payment
8	12 December 2024	Kraken	-£200	Faster Payment

Mrs J did not report the scam to Monzo until February 2025, when she instructed W to submit a complaint on her behalf. In summary, they argued that the bank had breached its duty of care by failing to intervene in a series of unusual payments. They felt that appropriate questioning would have uncovered the scam and prevented the loss. W also highlighted that Mrs J was in a vulnerable position at the time, making her more susceptible to fraud.

Monzo denied any wrongdoing, stating it had processed the payments as instructed and was not obliged to reimburse the losses. W then referred the case to our service.

One of our investigators reviewed the complaint and did not uphold it, concluding that the payment activity did not require Monzo to intervene or take any additional steps before processing the transactions. As W disagreed, the case has now been passed to me for a final decision.

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 agree with the investigator's conclusions for broadly the same reasons, and I will outline my key findings below.

There is no doubt that Mrs J was the victim of a cruel scam, and the perpetrators of the fraud are ultimately responsible for what happened. While I sympathise with the significant loss she has suffered, my role is to assess whether Monzo bears any responsibility for this. After careful review, I do not consider Monzo to be at fault and cannot reasonably conclude that they should refund the payments.

Initial Considerations

It is accepted that Mrs J authorised the payments to Kraken. Under the Payment Services Regulations 2017 (PSRs), which apply in this case, she is liable for those transactions. The PSRs do not provide specific protection against losses arising from authorised payments, even where they are connected to a scam.

Furthermore, these transactions are not covered by the Contingent Reimbursement Model (CRM) code or the Faster Payment Scheme (FPS) reimbursement rules, as the funds were sent to a cryptocurrency account in Mrs J's name and under her control.

However, taking into account the 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 to help protect customers from the possibility of financial harm from fraud.

Were the disputed payments unusual?

Taking account of the above, the key question is whether the payment instructions Mrs J gave to Monzo, either individually or taken together, were sufficiently unusual to warrant additional checks or warnings before the transactions were processed.

In considering this, I have kept in mind that banks process high volumes of transactions each day and must strike a balance between enabling customers to use their accounts freely and questioning transactions to confirm they are legitimate. It would not be practical for banks to carry out additional checks before processing every payment.

In response to the investigator's assessment, W argued that the disputed payments were highly unusual for Mrs J because she had not previously made large payments from her Monzo account and had never engaged with a cryptocurrency exchange.

While I acknowledge that these were the first payments Mrs J had made to a cryptocurrency exchange using the account, that fact alone does not necessarily warrant intervention. Kraken is a legitimate firm offering services to UK customers. A further consideration is whether the amounts and pattern of payments, when compared to past activity, were sufficiently unusual to require action. I do not consider that to be the case here.

In the six months prior to the first disputed payment, Mrs J's account received regular monthly credits of between £1,800 and £2,000, with corresponding debits of similar size in close proximity. There were also other instances of credits and debits of up to £1,000 in payments to external parties. Even at their highest, the payments to Kraken were not significantly outside this range.

The first five disputed payments were all under £1,000 and spread across nearly two months. I do not consider these transactions sufficiently unusual for Monzo to reasonably be expected to intervene, given the relatively small sums and the manner in which they were spread out.

Approximately three weeks later, Mrs J made a payment of £2,500, followed by £2,700 just under a month later, and a final payment of £200 the next day. W specifically highlighted the larger of these payments as requiring further scrutiny.

However, I am not persuaded by this. By the time of the £2,500 payment, Kraken was now an established payee on the account and there was now a history of past payments over the preceding months, during which Monzo had received no reports that there was anything to be concerned about with those transactions. A further month then passed before the final payments of £2,700 and £200 were made, with again no reports of concern received prior to this activity.

Taking the payments individually and as a series, I am not satisfied that Monzo should have reasonably identified that there was a risk of an ongoing scam in order to take further action than it did before processing the payments. Therefore, I cannot reasonably ask it to reimburse the losses Mrs J suffered.

Vulnerability

W also emphasised Mrs J's vulnerability at the time of the scam. However, there is no evidence that Monzo was aware of any vulnerability or that Mrs J was at greater risk of falling victim to a scam prior to the events. Given that the payment activity did not appear unusual or warrant additional scrutiny, I cannot conclude that Monzo missed an opportunity to prevent these losses or failed to identify any vulnerability.

Recovery

While Monzo made efforts to recover the funds, there was no realistic prospect that this would be successful. Mrs J had used the money to purchase cryptocurrency through Kraken, and those funds were subsequently transferred to the scam. In these circumstances, there was nothing more that Monzo could do.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 13 February 2026.

James Abbott

Ombudsman