

The complaint

Mr M complains that Monzo Bank Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP) scam.

What happened

The background to this complaint is well known to both parties so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around March 2025, Mr M was contacted through a well-known messaging service. The sender of the message said they were trying to contact somebody called Mr S. Mr M explained that he was not Mr S but went on to enter into a conversation with the sender of the message. But unknown to Mr M at the time, he was communicating with a fraudster.

Shortly after, the fraudster brought an investment opportunity to Mr M's attention, saying that a family member was an expert trader. Mr M has said he initially had doubts, but he was subsequently persuaded to invest by the fraudster.

To facilitate the payments, Mr M sent funds from his Monzo account to a cryptocurrency account in his own name. With the payments subsequently then being moved on to accounts the fraudsters controlled.

A breakdown of the transactions made as part of the scam is listed below;

Payment	Date & Time	Description	Amount
1	13 March 2025 @ 22:56	Payment to Cryptocurrency Platform	£100.00
2	15 March 2025 @ 23:02	Payment to Cryptocurrency Platform	£100.00
3	15 March 2025 @ 23:03	Payment to Cryptocurrency Platform	£1,400.00
4	18 March 2025 @ 13:53	Payment to Cryptocurrency Platform	£1,500.00
	25 March 2025	<i>Credit from Cryptocurrency Platform</i>	£6.27
5	27 March 2025 @ 13:05	Payment to Cryptocurrency Platform	£2,350.00
6	27 March 2025 @ 21:59	Payment to Cryptocurrency Platform	£3,000.00
7	6 April 2025 @ 16:31	Payment to Cryptocurrency Platform	£3,500.00
8	6 April 2025 @ 20:55	Payment to Cryptocurrency Platform	£1,500.00
9	14 April 2025 @ 21:01	Payment to Cryptocurrency Platform	£3,000.00
10	16 April 2025 @ 9:13	Payment to Cryptocurrency Platform	£1,000.00
11	16 April 2025 @ 11:22	Payment to Cryptocurrency Platform	£3,250.00
	19 April 2025	<i>Credit from Cryptocurrency Platform</i>	£714.20

Mr M realised he'd been scammed when he was having difficulties making a withdrawal. The fraudsters made excuses as to why the withdrawal couldn't be made and asked for additional payments.

Mr M raised the matter with Monzo, but it didn't agree to refund the money he had lost as it didn't think it was liable.

Unhappy with Monzo's response, Mr M brought his complaint to this service. One of our Investigator's looked into things and thought Monzo should, at least in part, be held liable for Mr M's loss. In summary, she said this because she thought at the time Mr M made the sixth payment in the table above (the payment made on 27 March 2025 @ 21:59) there was enough going on that Monzo ought to have been concerned about the payment. So, our Investigator thought Monzo was at least in part liable for Mr W's loss.

But our Investigator also thought Mr M should bear some responsibility for his loss. In summary, this was because she thought there was enough going on that ought to have led him to have concerns about the legitimacy of what was being offered.

Mr M didn't agree with our Investigator's view, in summary he thought Monzo should have intervened sooner than the sixth payment and that this should be reflected in the redress being recommended. Monzo also disagreed, in summary it said Mr M had paid similar merchants dating back to 2021 and it had no way of knowing that Mr M intended to send the funds on to the fraudster from the cryptocurrency account to which the money was sent.

As agreement couldn't be reached the complaint has been passed to me for a 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Here, it is not in dispute that Mr M authorised the payments in question, so that means he is liable for them, even though he was the victim of a scam.

However, that is not the end of the story. The regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams.

So, in this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr M when it processed the payments, or whether it should have done more than it did.

Monzo has argued that the payments from Mr M's Monzo account were made to another account in his name, so it cannot be considered the point of loss and so it cannot be held liable. But as Monzo ought to be aware, and as has been set out in previous decisions from this service to Monzo, the potential for multi-stage scams ought to have been well known to it at the time. And as a matter of good practice Monzo should fairly and reasonably have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

I've reviewed the activity on Mr M's account statements, from which the payments were made, for the months leading up to the scam and I agree with our Investigator's view, that at the point Mr M was making payment number six in the table above, there was enough going on that ought to have given Monzo cause for concern – such that it ought to have intervened and warned Mr M before allowing the payment to be progressed.

I acknowledge that Mr M thinks Monzo's intervention should have come sooner. But this isn't always a straightforward matter, and Monzo has a difficult balance to strike in how it

configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud while not unnecessarily disrupting legitimate payments.

Having considered the first five payments, I'm not persuaded they ought to have alerted Monzo that Mr M may be at risk of financial harm. While I don't doubt they represented a significant amount of money to Mr M, I'm not persuaded the individual values of the payments made would have given Monzo any cause for concern and importantly Mr M was making payments to an existing payee.

However, there were elements of a pattern starting to emerge - with payments made with increased frequency and value, which were identifiably related to cryptocurrency. So, when, on 27 March 2025, Mr M attempted to make a further payment for £3,000, I'm persuaded Monzo ought reasonably to have had some concerns and made further enquiries before allowing the payment to be processed.

I say this because, by this point, it was the second payment on the same day, with the value of the payment being double any of the payments made over the preceding days – and Monzo will be aware that multiple escalating payments being made in quick succession can be indicative of financial harm. It also represented Mr M making payments totalling over £5,000 in a single day relating to cryptocurrency.

Monzo has pointed out that Mr M had previously made payments to the same cryptocurrency platform. I do recognise that, which is why I consider it reasonable that, on balance, payments one to five in the table above were able to progress without intervention. However, I also can't ignore that the previous payments Mr M made to this cryptocurrency platform were a number of years ago and were for amounts not near the value being paid here. At the point Mr M was making this sixth payment a pattern had emerged that represented a heightened risk, and I'm satisfied the payments by this time, represented a significant departure from how Mr M typically operated his account.

Since 31 July 2023, when the FCA's new Consumer Duty came into force, there has been an obligation on firms to avoid foreseeable harm to customers. The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23) gives an example of foreseeable harm:

"consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"

Taking all of the above into account, I think it would have been proportionate for Monzo to have provided Mr M with a tailored written warning that was specific to cryptocurrency investment scams. Including common factors to these scams that were well-known to Monzo by March 2025.

Had Monzo provided a tailored warning that highlighted the key hallmarks, then on balance, I think Mr M would most likely not have progressed with this sixth payment, and the subsequent payments. I say this as there is no evidence that Mr M had been coached by the fraudster, been provided with a cover story, or told not to be transparent about the investment opportunity he was pursuing. So, I think it is most likely he would have honestly disclosed the reason for the payment(s) to Monzo, thus allowing it to identify the scam risk, warn him and prevent the scam progressing. I've also seen from the messages Mr M exchanged with the fraudster that Mr M had his own doubts. So, I don't think it would have taken much for Monzo to have persuaded Mr M that things weren't as they seemed.

And so, all things considered, I'm persuaded it is fair and reasonable that Monzo, at least in part, bears some responsibility for Mr M's loss from the point he made the sixth payment.

I've gone on to consider whether Mr M should also bear any responsibility for his loss and in considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

In response to our Investigator's view Mr M didn't argue against our Investigator's opinion that there should be a deduction, rather he contested that the intervention should have come sooner than the Investigator had recommended. As no argument has been raised, I won't dwell on it, except to say that I think there were a number of things that ought to have led Mr M to proceed with more caution than he did.

I'm not persuaded he did enough research into what he was getting in to, especially given the amounts of money he was investing. He also wasn't provided with any paperwork in relation to the investment and didn't sign any documents showing what had been agreed. I also think, given Mr M was approached unexpectedly, through a messaging service by a stranger he ought reasonably to have proceeded with more caution than he did. Mr M appeared to have his own doubts, but rather than act on these, sadly he appears to have taken what the fraudster was telling him at face value and proceeded.

Overall, while I accept Mr M believed that these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that his belief was a reasonable one. Considering this, I think it's fair and reasonable for Monzo to make a 50% deduction from the redress payable to him.

I've thought about whether there was any opportunity for Monzo to have recovered the money Mr M had lost once it was made aware of the scam. However, given the funds had been exchanged into cryptocurrency and then moved on to accounts controlled by the fraudsters, I don't think there was any opportunity or prospect of Monzo being able to recover any of the money.

Mr M has shared some details with us regarding his personal circumstances at the time, I thank him for doing this. I recognise that Mr M has fallen victim to a scam and I'm sorry to hear of the difficult personal circumstances that he had been faced with. But I haven't seen anything to suggest that Monzo were made aware of any vulnerability factors or ought to have identified them, such that it should have known to take additional steps to protect Mr M.

Putting things right

I can see that Mr M received some money back. Given Mr M was falling victim to a scam, and their 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Mr M made to the scam. This ensures that these credits are fairly distributed.

To work this out, Monzo should take into account all of the payments Mr M made to the scam, which have been laid out in the table above. In this case, the returns received total £720.47, and the total amount paid to the scam equals £20,700. Monzo should divide the returns by the total amount paid to the scam. This gives the percentage of the loss that was received in returns. Deducting that same percentage from the value of each payment after and including payment six gives the amount that should be reimbursed for each payment.

Here the returns amount to 3.48% of the total paid to the scam. It follows that the outstanding loss from each payment after and including payment six should be reduced by

the same percentage. That means Monzo should reimburse 96.52% of each payment after and including payment six (reduced by 50% to account for contributory negligence).

With this in mind and for the reasons given above, I uphold this complaint in part and direct Monzo Bank Ltd to:

- Refund Mr M £7,359.61
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 December 2025.

Stephen Wise
Ombudsman