

The complaint

Mr B complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In August 2024, Mr B received a phone call from someone who said they worked for an investment company and had an investment opportunity for him. Mr B was told he would be investing in oil. And, as he said he was interested, he was shown how to access an online trading platform and make payments to fund his investment.

Mr B then made a number of payments from his Monzo account to the online trading platform, before sending the money on to the investment company from there – as the company directed him to. I've set out the payments Mr B made from his Monzo account below:

Date	Amount
12 August 2024	£780
13 August 2024	£2,300
14 August 2024	£2,300
20 August 2024	£750
21 August 2024	£5,000
21 August 2024	£5,000
22 August 2024	£5,000
22 August 2024	£1,900
29 August 2024	£1,500
2 September 2024	£1,000
4 September 2024	£1,000

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr B was told the value of his investment had dropped significantly and he couldn't access his money until it increased again. Mr B then reported the scam to Monzo and asked it to refund the money he had lost.

Monzo investigated but said it had provided Mr B with the expected level of service, and so didn't agree to refund the payments he had made. Mr B wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Monzo ought to have done more to protect Mr B when he made these payments and that, if it had, he wouldn't have lost the money he did. They also thought it would be fair for Mr B to bear some responsibility for his loss. So they recommended Monzo refund 50% of the money Mr B had lost. Monzo disagreed with our investigator, so the complaint has been passed to me.

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.

Should Monzo have done more to protect Mr B?

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, the regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, at the time Mr B made these payments I think Monzo should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

As part of these requirements, I'm satisfied it was considered good industry practice for firms to keep updated watch-lists with types of scams and potential fraudsters, and for those watch-lists to be updated following a warning being published by the FCA.

In the FSA's thematic paper of June 2012 "Bank's defences against investment fraud: Detecting perpetrators and protecting victims" the regulator indicated that it was good industry practice for firms to use intelligence from a number of sources, including lists published on the FSA website of unauthorised businesses, to build a watch-list of types of scams and potential perpetrators.

So I don't consider it's unreasonable to expect Monzo to take account of warnings issued by the FCA. A regulated firm has always been obliged, if only as a matter of good practice, to take account of alerts published by the regulators. And I don't think it is either onerous or unfair for a bank to maintain a watchlist of potentially fraudulent or illegally operating payees.

And while the regulator gave no specific timings, I don't think it is unreasonable to expect a bank to update its watch-list and communicate internally to staff within one month of an alert being posted by the FCA.

In Mr B's case, the FCA published a warning about the trading platform he made the payments to in May 2023 – more than a year before the first payment he made towards it. So I think Monzo should have been aware of this warning at the time Mr B made the payments here. And while I appreciate the warning didn't specifically state that the trading platform was operating a scam, most warnings on the FCA watchlist do not go as far as to say a company is fraudulent or is operating a scam. They will often say a company is offering services within the UK when it isn't authorised to do so, and warn customers to beware of scams. And this is precisely the sort of warning that was published about the trading platform.

Based on this information, I'm satisfied it would have been reasonable for Monzo to have automatically paused any payments being made to the trading platform, pending further enquiry.

And so I think Monzo should have identified that Mr B was at heightened risk of financial harm from fraud when he made the first payment here. I think it should then have carried out some sort of intervention with him before allowing the payment to go through, asking questions about the circumstances surrounding the payments and explaining the warning about the payee he was trying to send money to.

I've not seen anything to suggest Mr B had been given a cover story or told to mislead Monzo if it asked him about the payments he was making. So if Monzo had asked him about the circumstances surrounding the payments, I think he would have been open and honest and Monzo would have discovered that he was making the payments as part of an investment he had been cold-called about. And as this bears a number of hallmarks with common investment scams, I think Monzo should then have had significant concern that Mr B was the victim of a scam and warned him about this and the common features of investment scams.

I also think Monzo should have explained to Mr B that there was a regulatory warning about the payee he was sending money to, and about the risks of dealing with unregulated investments.

And as Monzo is the expert in financial matters in this situation, I think its warning would have carried significant weight with Mr B. I think a warning highlighting circumstances similar to those he found himself in would have resonated with him and caused him to consider the payments he was making further. And as he wouldn't have wanted to lose his money, I think he would likely not have made the payment, or any further payments from this point onwards.

So if Monzo had done more to protect Mr B before he made the first payment here, as I think it should have done, I don't think he would have lost any of the money he sent as part of this scam. And so I think it would be fair for Monzo to bear some responsibility for the loss Mr B suffered here.

Should Mr B also bear some responsibility for his loss?

I appreciate this was a sophisticated scam, where Mr B was in frequent contact with the investment company and was given access to a platform where he could see trading information. But I also think there were a number of things about what was happening and what he was told that should have caused Mr B significant concern.

The first contact Mr B received about this investment was an unsolicited phone call from someone he hadn't dealt with before. He's also said he was receiving a number of phone calls about investments around this time. But I wouldn't expect a legitimate investment company to cold-call potential clients in this way. So I think being contacted in this way should have caused Mr B concern about whether the company was legitimate.

Mr B was also asked to install remote access software so that the investment company could access his computer and help him make the payments. But I wouldn't expect a legitimate company to try to access a client's computer in this way, so I think being asked to provide this access should also have caused Mr B concern.

From what I've seen, Mr B doesn't appear to have done any checks into who the investment company he thought he was dealing with were. He also doesn't appear to have a particularly clear understanding of how the investment worked and why his money had to be sent in the way it was. And, particularly as he had been the victim of another investment scam previously, I think it is reasonable to expect him to have done more checks into the company and made sure he had a better understanding of how the investment worked before sending the amount of money he did.

I sympathise with the position Mr B has found himself in and recognise that he has been the victim of a cruel scam. But I think there were a number of things here which should have caused him significant concern, and I don't think he did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them.

So I think it would be fair and reasonable for him to also bear some responsibility for the loss he suffered here.

I therefore think both Mr B and Monzo should bear some responsibility for his loss, and so it would be fair for Monzo to refund 50% of the money Mr B lost here.

Redress

Mr B received two payments back from the investment company during this scam, totalling £650. So I think it would be fair for this amount to be deducted from the amount he lost when calculating how much Monzo should now refund.

My final decision

For the reasons set out above, I uphold this complaint and require Monzo Bank Ltd to:

- Refund Mr B 50% of the money he lost as a result of this scam – totalling £12,940
- Pay Mr B 8% simple interest on this refund, from the date of the payments until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 December 2025.

Alan Millward
Ombudsman