

The complaint

Mr N complains that Monzo Bank Ltd ('Monzo') won't refund him the money he lost after he fell victim to a scam.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around February 2025, Mr N was contacted about a job opportunity. He was told the job involved carrying out tasks online, for which he would earn a salary and a commission. Believing everything to be genuine Mr N proceeded, but unknown to him at the time, he had been contacted by fraudsters. The fraudsters then persuaded Mr N to pay his own money in order to proceed with the work.

To facilitate the payments, Mr N sent funds from his Monzo account to a cryptocurrency account in his own name. The funds were then subsequently moved onto accounts that the fraudsters controlled.

A breakdown of the payments Mr N made from his Monzo account is listed below:

Payment	Date	Amount (£)
1	27/02/2025	20.00
2	27/02/2025	80.00
3	28/02/2025	90.00
4	02/03/2025	60.00
5	03/03/2025	220.00
6	03/03/2025	30.00
7	04/03/2025	130.00
8	04/03/2025	200.00
9	04/03/2025	545.00
10	04/03/2025	1,825.00
11	06/03/2025	3,200.00
12	06/03/2025	100.00

Mr N realised he'd been scammed when he was unable to withdraw his earnings, and he was asked to make additional payments.

Mr N raised the matter with Monzo, but it didn't uphold his complaint. In summary, it said it had executed the payments in accordance with Mr N's instructions and it didn't accept that it was liable to refund him the money he had lost.

Unhappy with Monzo's response, Mr N brought his complaint to this service. One of our Investigators looked into things and thought the complaint should be upheld in part. In summary, our Investigator thought Monzo ought to have recognised that Mr N could be at a

heightened risk of financial harm when he made payment eleven in the table above (the payment for £3,200 on 6 March 2025). Our Investigator thought Monzo should have intervened at this point, and had it of done and warned Mr N, it would have made a difference and Mr N wouldn't have gone ahead with this, or the subsequent payment.

But our Investigator also thought Mr N 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 some concerns about the legitimacy of the job and what he was being asked to do. Overall, our Investigator thought Monzo should refund Mr N 50% of his loss from payment eleven, along with interest.

Mr N didn't agree with our Investigator's view. In summary, he said the funds were transferred to a platform known to be associated with cryptocurrency. Because of this he thought Monzo's fraud detection systems ought to have triggered on an earlier payment than on the one our Investigator recommended.

Monzo also disagreed with our Investigator's view. In summary, it didn't consider the activity was suspicious when compared to the other activity on Mr N's account. It added there was no way of knowing that an intervention would have made a difference.

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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. 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 think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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 N authorised the payments in question, so that means he is liable for them in the first instance, 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 N when it processed the payments, or whether it should have done more than it did. In doing so, I'm mindful that firms, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests.

Firstly, I think Monzo would have been able to identify these payments as being related to cryptocurrency. This is because Monzo would have been aware that the sort code belonged

to a clearing bank for a well-known cryptocurrency platform. This is publicly available information on the cryptocurrency provider's website. In addition to this, a sort code check shows a company that the FCA database confirms is linked to the same cryptocurrency provider. It's also likely that Monzo will have made a significant number of payments to this sort code and by February 2025 when these payments were made.

But while this is a factor, as payments to cryptocurrency can sometimes, but of course not always, be indicative of fraud. This, in and of itself, isn't enough for me to say that Monzo ought to have intervened. I say that as I'm mindful that banks, including Monzo, will process large volumes of transactions involving cryptocurrency that are legitimate and not as the result of a fraud.

So, I've considered this alongside the activity on the account and having done so I am not convinced that payments 1-10 here exhibited particularly concerning or irregular account behaviour – such that I would reasonably have expected Monzo to be concerned that Mr N may have been at risk of financial harm. While I understand the amounts paid were of substantial value to Mr N, they weren't of such high value that they stood out from payments that banks would typically see on a customer's account on a regular basis.

But I do think a pattern was starting to emerge, of payments being made with increased frequency and value. So, when Mr N was attempting to make payment eleven, this payment represented a further sharp increase in value, to a beneficiary that was connected with the purchase of cryptocurrency and I think, at this point, there was enough going on that Monzo ought to have reasonably identified that Mr N may have been at risk of financial harm from fraud.

Taking into account the amount of the payment and that it was identifiably to a cryptocurrency provider, I think it would have been proportionate for Monzo to have provided Mr N 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 February 2025.

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”

This means a proportionate warning should ask a series of questions in order to try and establish the actual scam risk. And by February 2025 given the prevalence of job/task scams we'd expect a firm to have both questions and warnings tailored towards the key risks of those scams.

Of course, I can't know for sure what would have happened had Monzo intervened. So, in these situations I have to base my finding on what I think, on the balance of probabilities, is more likely to have happened, based on the evidence I have.

Had Monzo provided a tailored warning that highlighted the key hallmarks, then on balance, I think Mr N would most likely not have progressed with payment eleven or the payment that followed. I say this as there is no evidence that Mr N had been coached by the fraudster, been provided with a cover story, or told not to be transparent about the income 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 also think the messages with the fraudster show that Mr N had his own concerns about using his own money. So, I don't think it would have taken much for Monzo to have persuaded Mr N that things weren't as they seemed.

Monzo has argued that the payments from Mr N'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.

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

I have however, also thought about whether Mr N did enough to protect himself from the scam and whether he should carry some responsibility for his loss. While I accept Mr N believed that these payments were being made in connection with a legitimate employment opportunity, I'm not persuaded that belief was a reasonable one. There was no formalisation of the arrangement between him and the employer – for example, there was no written contract and indeed no clear setting out of the terms of his employment.

In addition to that, the arrangement was an inversion of the normal employer-employee relationship. In most circumstances, people expect to be paid by their employer, rather than the other way around. As far as I can see, there wasn't really any attempt to explain this uncommon arrangement. I also think the level of salary and commission being offered seemed inflated, considering the nature of the work that was being carried out.

So overall, I think Mr N is also responsible for some of his loss by way of contributory negligence. As such, I think it's fair and reasonable for Monzo to make a 50% deduction from the redress payable to Mr N.

I've also thought about whether Monzo could have done more to attempt to recover the payments after Mr N reported the fraud. However, as part of the scam, the funds were forwarded on to the fraudsters from the cryptocurrency exchanges that they were sent to. So once Mr N had done that, there would have been no prospect of Monzo being able to recover any of the money Mr N had sent.

Putting things right

For the reasons given above, I uphold this complaint in part and ask Monzo Bank Ltd to:

- Refund Mr N £1,650 (being 50% of the value of the final two payments).
- 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 N to accept or reject my decision before 27 January 2026.

Stephen Wise
Ombudsman