

## **The complaint**

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

## **What happened**

Sometime before May 2022, Mr A was told about an investment opportunity by someone he had known for a number of years. Mr A understood the investment company would invest in cryptocurrencies and that he would receive returns on the amount he invested. The person who told him about it said they had been investing with the company for a year and, after speaking with a number of other people who had also invested, Mr A decided to invest himself and made a number of payments from his Monzo account to bank details he was given for the investment company.

Mr A received a number of payments back from the investment company over the following eight months. But these payments then stopped and, in March 2023, the person running the investment company contacted investors and said that they had lost all the investors' money. Mr A then reported the payments he had made to Monzo as a scam, and asked it to refund the money he had lost.

Monzo investigated but said it had followed the correct procedures and Mr A had made the payments willingly. So it didn't agree to refund the money he had lost. Mr A wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the circumstances here met the definition of a scam, or that anything we would have expected Monzo to have done would have prevented Mr A's loss. So they didn't think it should have to refund the payments he had made. Mr A 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.

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 and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

*Has Mr A been the victim of a scam?*

The Lending Standards Board Contingent Reimbursement Model (the CRM code) is a voluntary code which Monzo has said it is committed to applying the principles of. It requires firms to reimburse customers who have been the victim of certain types of scams, in all but a

limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr A has been the victim of a scam as defined in the CRM code I need to consider whether the purpose he intended for the payments was legitimate, whether the purposes he and the investment company intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the company.

From what I've seen, I'm satisfied Mr A made the payments here with the intention of investing with the investment company. I think he thought his funds would be used to trade in cryptocurrency, and that he would receive returns on his investment. And I haven't seen anything to suggest that Mr A didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the investment company intended a different purpose for the payments, or that Mr A's and the investment company's purposes for the payments weren't broadly aligned.

From what I've seen, the investment company was making significant payments to and receiving credits back from a cryptocurrency exchange during the period in which Mr A made the payments here. And I think this suggests the company was at least attempting to trade in cryptocurrency and run the investment in line with the agreement it had made with Mr A.

Mr A has argued that the message the person running the investment company sent to investors in March 2023 is an admission that they were operating a scam, as it mentions using new investors' money to pay old investors – which is a common feature of a Ponzi scheme. But the messages from the person running the investment company initially blame the failure of the investment on poor decisions and trading losses, which I don't think suggest they were operating a scam as these kinds of issues can occur in both legitimate and illegitimate businesses. And while the messages mention using new investors' money to pay old investors, I don't think this necessarily means the person running the investment company wasn't also trying to operate it in line with what was agreed with investors. I've also not seen clear evidence that Mr A's funds weren't used for trading, in line with what he intended.

Mr A has also mentioned that there is an ongoing police investigation into the investment company and arrests have been made, which he feels suggests there is credible evidence of criminal conduct. But I understand the police investigation is still ongoing, so there have been no convictions and the investigation could still find that there has been no wrongdoing or further action will not be pursued. A police investigation also doesn't mean that criminal conduct has definitely taken place, just that there is a suggestion or concern that it might have done. And I don't think this is sufficient evidence to say that the investment company intended to operate a scam here.

I also haven't been provided with evidence of any investigation by an external organisation which concludes that the investment company was operating a scam.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the investment company intended for these payments was different than the purpose Mr A intended. From what I've seen, I think it's most likely the investment company was at least attempting to act in line with the agreement it had made with Mr A and that its intention for the payments was the same as his – to invest in cryptocurrencies.

And so I don't think the circumstances here meet the definition of a scam from the CRM code, or that Monzo has acted unreasonably in not agreeing to refund the money Mr A lost from these payments as a result.

It's possible that material new evidence may become available at a future date, which suggests that the investment company did take the payments using dishonest deception. If that happens, Mr A can ask Monzo to reconsider his claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

*Should Monzo have done more to protect Mr A when he made these payments?*

In addition to any obligations from the CRM code, the regulatory landscape and good industry practice sets out requirements for banks to monitor accounts, have systems in place to look out for unusual transactions which might indicate its customers are at risk of financial harm, and to take additional steps or carry out additional checks before processing payments in some circumstances to help protect customers from the possibility of financial harm.

But even if Monzo had recognised that Mr A was at heightened risk of financial harm from fraud as a result of some of the payments he made here, I don't think the action I would have expected it to take would have prevented his loss.

Mr A was recommended the investment by someone he had known for a significant period of time, and had spoken to a number of other people who had invested with the company. He doesn't appear to have been promised returns that were too good to be true and was sent paperwork by the company that looked relatively professional. And, by the time of the later payments he was making, he'd been sent a significant amount back from the company as returns.

So I don't think any checks I would reasonably have expected Monzo to carry out here would have uncovered significant concerns about the payments Mr A was making, or that anything I would reasonably have expected it to have done would have stopped him from making the payments or losing the money he did.

I'm sorry to disappoint Mr A, as I appreciate he has lost a significant amount of money. But I'm not satisfied that I can fairly ask Monzo to refund him based on the evidence that is currently available.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 October 2025.

Alan Millward  
**Ombudsman**