

## The complaint

Mr A, on behalf of K, is unhappy Monzo Bank Ltd will not refund the money it lost as the result of a scam.

Mr A has brought K's complaint through a representative. For ease of reading, I will refer solely to Mr A and K here.

## What happened

Mr A is the sole of director of K. He was looking to improve K's business premises and opted to raise the funds needed through a sports arbitrage trading opportunity ('B') that a friend introduced him to. He made the following debit card payments to two digital wallets and from there purchased the cryptocurrency needed to participate in the scheme.

payment	date	value
1	21/08/2023	£114.64
2	21/08/2023	£30
3	27/08/2023	£23.91
4	27/08/2023	£797.03
5	27/08/2023	£37.29
6	27/08/2023	£30
7	02/10/2023	£200
8	02/10/2023	£9,800

He realised he had been scammed when he could not withdraw his funds as 'B' said it was the victim of a cyber-attack and all its assets had been stolen.

Mr A says Monzo did not do enough to protect K's money. Monzo says it processed the payments in accordance with its customer's instructions and all payments were authorised by 3DS authentication. It did however offer £80 compensation for its failure to pass the disputed transactions query to its fraud team after it had rejected the chargeback claim.

Our investigator did not uphold K's complaint. She said the loss was a personal loss to Mr A, not a business loss to K and so no loss exists for which Monzo could be held responsible. Monzo had no customer relationship with Mr A, outside his role at K.

Mr A disagreed and asked for an ombudsman's review. He said the loss was a business loss. K had secured a lease on a new property and the money was to redevelop that venue. Any gains made would have been wholly for the benefit of K. The funds were sent from K's business account, there was never a personal account used. The property lease agreement and plans showing the development required to improve the space were submitted as supporting evidence.

I reached a different conclusion to the investigator so I issued a provisional decision. An extract follows and forms part of this final decision. I asked for both parties to send any

further comments or evidence for me to consider by 16 July 2025.

*Extract from my provisional decision*

*In this case, before looking at Monzo's acts or omissions I need to first make a finding on which party has suffered the loss. I am satisfied it was K's loss and that Mr A intended to use the gains from the sports arbitrage trading opportunity to develop the venue. It may not have been a conventional way for a business to raise funds but this does not change my finding.*

*I say this as the messages between Mr A and the contact that introduced the opportunity to him support this testimony. He talks about negotiations with the council licensing officer and the police about closing time; asks for recommendation for builders, discusses what works needs doing first. He has also now sent in the floor plans showing the changes that were planned – new toilets, a bar area, a DJ booth. And it is clear it is this project he intends to fund through the profits he believes he will make via 'B'. Indeed as the scam progresses and he falls more under the spell, he believes he could make significant returns and talks about how this would allow K to expand as a business overseas. So I am persuaded the loss has been suffered by K, and not Mr A in a personal capacity.*

*This means I need to now consider if Monzo did what we would expect to protect K's money.*

*There's no dispute that Mr A made and authorised the payments, on behalf of K. Mr A knew who he was paying, and the reason why. At the stage he was making these payments, he believed he was transferring K's funds to allow it to buy cryptocurrency that would then be invested via 'B'. So I am satisfied the transactions were authorised under the Payment Services Regulations 2017 - they were processed using 3DS authentication. But it does not end there.*

*Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that by August 2023 Monzo should fairly and reasonably have:*

- 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 particularly the increase in multi-stage scams involving cryptocurrency, and the different risks these can present to consumers, when deciding whether to intervene.*

*To note as the payments were made by debit card the principles of the Contingent Reimbursement Model (CRM) code, that Monzo follows in principle whilst not being a signatory, do not apply in this case.*

*It is in this context I find Monzo can be held liable in part for K's losses from payment 8. I'll explain why.*

*Given the increased value and the fact that the recipient was an identifiable cryptocurrency trading platform thus presenting an inherently higher risk, I think Monzo ought to have intervened before processing payment 8. There were sufficient characteristics of potential fraud. This means I need to consider what would most likely have happened had it intervened before processing the payment.*

*In this case, given the value of the payment relative to typical activity, I think direct contact with Mr A would have been a proportionate intervention. I would then have expected Monzo to ask a series of questions to establish the basic context of the payment in order to identify the possible nature of the scam and assess the risk of fraud. Questions such as what it the payment for? Who introduced the opportunity? Had he completed independent checks? What was the promised rate of return? Had he any documentation?*

*Based on the available evidence I can only fairly conclude that Mr A would have been transparent about the reason for the payment. So I think Monzo would have picked up on some of the clear red flags – such as a high rate of return, a Ponzi-like structure, a firm that wasn't regulated in any market. This would have allowed it to warn Mr A that K's money was at risk. And I've found no reason to think that Mr A would not have listened to Monzo and thus the loss would have been prevented.*

*Should K bear some responsibility for the overall loss?*

*I've considered carefully whether Mr A should hold some responsibility for K's loss by way of contributory negligence. Accepting that he is not the fraud expert - that is the role of Monzo, I do think he missed some clear signs that the opportunity might not be legitimate. Indeed he commented to the contact that introduced him at one point 'this is hard to trust'.*

*The promised daily returns (from 0.7% to 2.4% depending on membership level) were too good to be true, it was not registered with financial regulators anywhere, and it seemed to have a Ponzi-like structure. Mr A had no registered address for 'B', just the emirate it purported to be in.*

*Yet despite these concerning characteristics I have not seen that Mr A carried out any independent checks before going ahead. He was willing to invest K's money in a complex scheme that merited qualified advice without completing robust due diligence.*

*It follows I think the parties are equally liable.*

*I am therefore instructing Monzo to refund 50% of K's loss from payment 8.*

*Did Monzo do what it should to try to recover K's money?*

*As the payments were made by debit card the opportunity to recover the funds would be through the chargeback scheme. But I don't consider that any chargeback claims would have had any prospect of success. There would have been no valid chargeback right given there was no dispute that the two platforms provided the service they 'sold' to K – i.e. the cryptocurrency. Overall, this means I can't find there was any failing in this regard on Monzo's part.*

*Both parties replied to my provisional decision. Mr A, on behalf of K, accepted it. Monzo did not, it said given the payments went to the customer's crypto accounts first and then on to the scammer, it would not be liable. The complaint letter it received in April 2024 confirmed that the customer created cryptocurrency accounts to purchase crypto and send it to a wallet address provided by the scammers.*

## **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 have thought carefully about the points Monzo raised but they do not change my findings or conclusion. I will explain why.

In the circumstances of this case, which can be characterised as a continuous scam without a break in the chain of causation, I remain satisfied that the acts and omissions of Monzo mean it should be held liable for the loss in part. I accept that Mr A, on behalf of K, had control of the crypto accounts that the payments were made to. However, the transfers were made at the behest of the scammer and the loss from payment 8 could have been prevented by Monzo had it intervened.

Given the chronology of the payments in the journey of the scam I am satisfied it is reasonable to hold Monzo partially liable for K's losses. There was no new, intervening act that prevents me from fairly making this conclusion. And crucially, as I said previously, by August 2023 Monzo was aware, or ought to have been, of how common fraudulent practices were evolving, in particular the increase in multi-stage scams involving cryptocurrency.

It follows that my conclusion remains that Monzo must refund 50% of payment 8.

## **Putting things right**

Monzo must:

- refund 50% of payment 8.
- add interest at the rate of 8% from the date of the payments to the date of settlement\*

Monzo has confirmed the £80 compensation it offered previously for the poor service when the disputed transactions were first raised is still available to K. I find this offer to be reasonable.

\*If Monzo deducts tax from the interest element of this award, it should provide K with the appropriate tax certificate so it can submit a claim to HMRC if applicable.

## **My final decision**

I am upholding K's complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A, on behalf of K, to accept or reject my decision before 13 August 2025.

Rebecca Connelley  
**Ombudsman**