DRN-5697678

The complaint

Miss P complains that Monzo Bank Ltd (Monzo) won't refund the money she lost when she became the victim of a property investment scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss P was looking to become a property agent and saw a social media advert from a property entrepreneur, Company R (a scam company).

Miss P made contact with Company R and was interested in their package as she could both learn to become a property manager and make a monthly profit through investing in properties that Company R had secured and then, with assistance, manage bookings.

Miss P received paperwork, joined a group and was assigned a coach and mentor. She thought Company R's offering was legitimate, so she decided to register with them and undertook their training.

Miss P paid Company R the following amounts:

Payment Number	Date	Payment Type	Payee	Debit	Credit
1	4 April 2024	Card	Company R	£297.00	
2	14 May 2024	Card	Company R	£297.00	
3*	14 June 2024	Card	Company D*	£148.50	
4*	8 July 2024	Card	Company D*	£148.50	
5	11 July 2024	Card	Company R	£3,500.00	
6	3 August 2024	Card	Company R	£500.00	
n/a*	22 April 2025	Credit	Company D*		£297.00

* Miss R explains that she was asked to make payments to Company D due to 'mis payments'. As can be seen in the table, Company D provided her with a refund.

When Miss P became suspicious about the lack of available properties, the fraudsters ceased all communication, and she realised she had been scammed.

Miss P complained to Monzo as she considered that they had failed to protect her from being scammed. Also, she feels they did insufficient investigation, and she didn't get the support she needed.

Monzo rejected her complaint and claim. They said, *'unfortunately we feel you didn't take enough steps to check who you were paying and what for'.*

Miss P brought her complaint to our service. However, our investigator couldn't see Monzo had done anything wrong by not intervening.

As Miss P remains dissatisfied her complaint has been passed to me to look at.

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.

Having done so, although I'm very sorry to hear that Miss P has been the victim of such a cruel scam and lost a significant amount of money here, my decision is not to uphold this complaint. And I'll explain why.

I should first say that:

- From reviewing file submissions, I'm satisfied that Miss P has been the victim of a sophisticated and cruel scam.
- Although I don't underestimate the severe impact this has had on Miss P, I must approach this matter objectively.
- I've carefully considered all the points Miss P and Monzo have made, and I've focused on what I think are the important points to reach a final decision.
- Although a voluntary code exists to provide additional protection against some scams (the Contingent Reimbursement Model Code – CRM Code) and Monzo adhere to the principles of the code as they aren't a direct signatory, the payments here were made by card. So, unfortunately, they're not covered under this code.
- I considered whether Monzo should've done more to recover Miss P's funds and help her when she contacted them to report that a scam had taken place. However, the payments here were made by card and whilst there isn't guarantee of a refund, claims need to be made within 120 days. Unfortunately, I can't see that Miss P reported the scam in this period, and they don't cover scams.

I took into consideration the Payment Services Regulations 2017 (PSR) and Consumer Duty.

PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Miss P made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Consumer Duty

The FCA's Consumer Duty was in force at the time these payments were made. This requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams.

From July 2023, Monzo had to comply with the Financial Conduct Authority's "Consumer Duty" which required financial services firms to act to deliver good outcomes for their customers.

Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Monzo was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud.

Monzo was also required to look out for signs of vulnerability. I'm very sorry to read that Miss P says her '*anxiety is bad'* and her '*mental health has been affected more than ever'*. However, prior to her making payments to the scammers, I can't see that she made Monzo aware of any vulnerability that required intervention.

I looked closely at all of the transactions in the above table, and Miss P's transaction history, to see if Monzo should've recognised that she was at risk of financial harm from fraud and intervened. But I also couldn't see that any of them should've been viewed by Monzo as highly uncharacteristic, unusual or suspicious and warranted an intervention.

This is because they were all for relatively low amounts. Although Miss P's usual spending was moderately low amounts, I found that with the exception of payment 5 (for £3,500) she had made payments for amounts that were higher than the other payments.

Regarding payment number 5, I recognise this was a high amount for Miss P and higher than the largest payment (£1,800 in August 2023) shown in the statements provided (going back to July 2023). However, I don't think it is reasonable to expect Monzo's fraud prevention system to flag it for intervention. This is because:

- The amount wasn't large enough to indicate a risk of fraud.
- Monzo process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.
- Company R had become an established payee as Miss P had paid them twice before. It wasn't that Miss P was making a higher than normal payment to a new account or one that hadn't been used for a long time.
- There wasn't an unusual or suspicious pattern of payments that were of high velocity with increasing amounts, that would indicate a scam.

So, whilst I can understand Miss P thinking Monzo should've intervened and that an intervention would've likely unravelled the scam, I don't think Monzo made an error in not intervening here.

In conclusion, I recognise Miss P has been the victim of a cruel scam and I'm very sorry she's lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Monzo acted fairly and reasonably in its dealings with her, so I won't be upholding this complaint and asking them to make any refund.

My final decision

For the reasons set out above, my final decision is to not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 3 October 2025.

Paul Douglas
Ombudsman