

The complaint

Ms J complains that Monzo Bank Ltd won't refund her the money she lost, after she fell victim to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In March 2025, Ms J received a phone call from somebody pretending to be from the National Crime Agency. The caller knew personal details about Ms J and told her that somebody had used her details to purchase some land. Alongside this, the caller told Ms J about some transactions on her account, which she hadn't made.

Ms J was told she could expect to receive a call from the police regarding the matter, and shortly after a call came through, showing as 'police headquarters'. Ms J has said she checked the number that was calling online, and it matched that of the police. She was told that her money was at risk and that her account needed to be frozen, but to protect her money she first needed to purchase gift cards and provide the codes to the caller. She was told she would then be provided with a crime number and if she attended a police station she would be refunded the cost of the gift cards. Ms J was told that if she didn't comply her visa would be cancelled.

Believing everything to be genuine, Ms J went ahead and followed the caller's instructions, making the following transactions to two separate well-known high street merchants. But unknown to her at the time she was dealing with fraudsters.

Payment	Date	Time	Purchased From	Amount
1	19/3/2025	14:09	Merchant 1	£200
2	19/3/2025	14:10	Merchant 1	£200
3	19/3/2025	14:11	Merchant 1	£200
4	19/3/2025	14:11	Merchant 1	£200
5	19/3/2025	14:12	Merchant 1	£200
6	19/3/2025	15:02	Merchant 2	£500
7	19/3/2025	15:10	Merchant 2	£500
8	19/3/2025	15:50	Merchant 2	£600
9	19/3/2025	15:55	Merchant 2	£400

Ms J has said she was panicked by what was happening and so tried to call a work colleague, who lived nearby, but she couldn't get hold of them. Merchant 2 suspected something was wrong and called the police. As a result, the scam came to light and Ms J was prevented from passing the fraudster the details of the gift cards she'd purchased with payments 8 and 9, so she didn't lose the money from those payments.

Ms J reported the matter to Monzo, but it didn't uphold her complaint. In summary, it said Ms J wasn't eligible for a refund as she'd purchased gift cards, so the responsibility would be with the merchants.

Unhappy with Monzo's response, Ms J brought her 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 at the point Ms J was making the fourth payment there was enough going on that ought to have given Monzo some cause for concern. It was our Investigator's view that had Monzo established some further details about the payments Ms J was making and provided a warning, it would have prevented Ms J from making the fourth and subsequent payments. So, our Investigator thought Monzo was responsible for refunding Ms J her loss from this point (less the value of the final two payments, where the money hadn't been lost to the fraudsters).

Monzo disagreed with our Investigator's view. In summary, it said the payments had been to well-known, legitimate, merchants. It added that Ms J had received the goods she'd paid for, so Monzo shouldn't be held responsible for the decision Ms J made to then forward the goods to the fraudsters. Alongside this, Monzo also said that it didn't feel an intervention was necessary.

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 bank such as Monzo is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Ms J authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This is often a finely balanced matter, and Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud.

Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Ms J.

I agree with our Investigator, that I don't think when payments 1-3 were made there would have been any particular reason for Monzo to have suspected that Ms J may have been at risk of harm from fraud. As Monzo has said, they were made to a well-known merchant and Ms J's account statements show she had made one other payment to the same merchant in the months leading up to the scam (albeit for a much smaller value). And, while I don't doubt the payments represented a lot of money to Ms J, when compared with other payments that Monzo processes daily, I'm not persuaded they were of values which I think would have appeared so suspicious or unusual to Monzo, such that they ought to have alerted Monzo to the possibility Ms J was being scammed.

However, there is a pattern starting to emerge here of three payments made within the space of two minutes. So, as the scam unfolded and when Ms J then went on to make another payment, within less than a minute, I'm persuaded there is a compelling argument that Monzo should have become concerned about what was taking place. I think it would be unusual for a consumer to make so many purchases in the same place for identical amounts in such a short space of time, and that behaviour could be consistent with common types of financial crime. So, I do think Monzo should have intervened when it received the instruction for payment four and declined the payment.

I think a proportionate intervention would have been for Monzo to contact Ms J, whether through its automated systems, or by way of human intervention to have established further details around the payments Ms J was making. I've not seen any evidence to suggest that Ms J had been provided with a cover story, so I think she would have answered any questions candidly and it would have become apparent that Ms J was buying gift cards. Such gift card scams were common by this time, and Monzo would've been well placed to advise Ms J that this was a scam and to stop the payments.

Ms J was already concerned and panicked by this point about what was happening, and so had reached out to somebody at her work for support. So, I think it's more likely than not she would have heeded any warning Monzo gave her. It follows, that I think Monzo carries a responsibility for Ms J's loss from payment four.

I've also thought carefully about Ms J's role in what happened and whether she should share any liability for her loss. Having done so, I don't think she should. In the circumstances of this case the fraudster was able to use sophisticated techniques to spoof the number that Ms J was called on. Ms J also took steps to check the number was legitimate online, so she didn't proceed with a complete disregard for risk. It seemed the fraudster was also somewhat aware of Ms J's situation with her visa and knew personal information about her and preyed on this, panicking her to act.

While I don't doubt, with the benefit of hindsight, Ms J may have done some things differently, in the heat of the moment and given the pressure she was put under I don't think the actions she took were unreasonable.

I've considered whether there was any opportunity for Monzo to have recovered the money Ms J lost. It's possible to dispute a debit card payment through a process called 'chargeback', which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules.

I haven't seen any evidence that Monzo raised a chargeback here. But, in any event, I don't think that has made a difference. I say that as it's evident here that the card payments Ms J made went to legitimate merchants and its clear the merchants provided the goods paid for (the gift cards). So, there would have been no prospect here of a chargeback being successful.

Putting things right

For reasons explained above, Monzo Bank Ltd should now:

- Refund Ms J £1,400, being the value of payments 4 to 7 (payments 8 and 9 were not passed on to the fraudster)
- Pay 8% interest on this amount, from the date of payments to the date of settlement.

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 Ms J to accept or reject my decision before 16 December 2025.

Stephen Wise
Ombudsman