

The complaint

Mrs B is complaining about Monzo Bank Ltd because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Mrs B fell victim to a cruel job scam. After responding to an advert, she was contacted online by scammers offering her a role that involved completing sets of tasks that she had to pay to access to using cryptocurrency and expected to be paid for upon completion.

In May 2025, Mrs B used her Monzo account to make the following payments that were lost to the scam:

No.	Date	Amount £
1	5 May	55
2	6 May	150
3	6 May	150
4	7 May	575
5	7 May	1,200
6	7 May	2,500

Payment 1 went to another account in Mrs B's own name with an electronic money institution (EMI). The rest went to a cryptocurrency exchange, from where the cryptocurrency purchased was transferred to the scammers.

Our investigator recommended the complaint be partly upheld. She felt Monzo should have identified Mrs B may be falling victim to a scam when it received the instruction for payment 6. If it had intervened appropriately at that stage, she felt the loss from that payment would have been avoided. She recommended compensation based on a refund of payment 6 with a deduction for Mrs B's own contribution to her loss.

While saying she felt payment 5 should also be included in the amount to be refunded, Mrs B otherwise accepted the investigator's assessment. Monzo didn't accept it. In defence of this complaint it's made the following key points:

- It didn't offer scam warnings as the payments were made via open banking.
- In any event, there wasn't enough about the payments to warrant any intervention. Mrs B had made large payments before and these transactions weren't out of character compared to her previous account usage. And the fact the value of the payments increased would have suggested she was becoming comfortable with the merchant rather than that she may be falling victim to a scam.
- But even if it did provide written warnings, it's not clear these would have stopped the scam as various studies have shown such warnings don't work.

The complaint has now been referred to me for review.

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, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice, and, where appropriate, I must also take into account what I consider to have been good industry practice at the time. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts.

There's no dispute that Mrs B authorised these payments. In broad terms, the starting position at law is that a bank 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.

I take the point that it's not practical or appropriate to intervene or apply friction to every payment. But this notwithstanding, there are 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 includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

In this case, the payments were made via open banking but I don't accept this means Monzo was absolved from all responsibility to protect its customer or that the relevant rules, codes and best practice standards somehow didn't apply. There's nothing about the use of open banking that prevents the bank from taking steps to intervene in the payment process where it has reasonable grounds to believe a customer may be at risk of harm.

Taking these points into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mrs B.

Should Monzo have recognised that Mrs B was at risk of financial harm from fraud?

I must take into account that many similar payment instructions Monzo receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly. But at the same time, it knew payments 2 to 6 were going to cryptocurrency. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, I think Monzo should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what Monzo knew at the time, I'm not persuaded it ought to have been particularly concerned about payments 1 to 5. The amounts involved were relatively low and

wouldn't have particularly stood out. And payment 1 didn't go straight to cryptocurrency in any event.

By the time of payment 6, however, I find that Monzo should have identified Mrs B may be at risk of harm from fraud and this is when it should have intervened in the payment process.. This was her third payment to cryptocurrency on the same day (in less than three hours) and the combined value of these payments was over £4,000, which I consider to be significant. Mrs B may have made large payments from the account before, but there's nothing to suggest these were associated with cryptocurrency or any other type of investment. Instead, she appears to have been new to cryptocurrency and I believe this is something Monzo should have identified as a potential risk factor.

I've noted Monzo's interpretation of the fact the amount of each payment increased steadily. But a pattern of repaid and increasing payments is also common to many scam scenarios and Monzo should have known that. So I don't think it could reasonably take comfort from the pattern of payments when deciding whether any intervention was required.

What did Monzo do to warn Mrs B?

Monzo has confirmed that no scam warnings were shown or other intervention in the payment process attempted.

What kind of warning should Monzo have provided before payment 6 was processed?

Having thought carefully about the risk payment 6 presented, I think a proportionate response to that risk would have been for Monzo to ask Mrs B (in the app) to confirm the reason for the payment and then to show appropriate tailored warnings relevant to her answer.

If Monzo had intervened as I've described, would that have prevented the losses Mrs B suffered from payment 6?

It's my view that job scams of the type Mrs B has described were sufficiently common by this time that this should have been specifically included in any list of possible payment reasons presented to her to select from. She's provided a record of her online chats with the scammers and I've found nothing to indicate she was encouraged to hide the real reason for the payments from the bank if she was asked about this. Further, I don't think she had any reason to believe she was doing anything wrong and I've seen no other grounds to believe she wouldn't have answered honestly if Monzo had asked what the payment was for.

Once Mrs B had disclosed that she was paying money to obtain online work, Monzo should have known at this point that she was highly likely falling victim to a scam. It should then have provided warnings setting out the common features of this type of scam. These features could have included that communication is normally online, the scammers often have professional looking websites, the promised returns are very high for the amount of work involved, victims are required to complete sets of tasks that they're required to pay to access, that they pay to access tasks using cryptocurrency and expect to be paid in the same way, and that they're often asked to pay more and more money to access tasks and clear negative balances.

I note what Monzo has said about the results of different studies on the effectiveness of written warnings but, setting aside any potential concerns about the legitimacy of those results, I don't believe anything has ever been produced to reliably show that they never work. In the circumstances of this case, if Mrs B had received the type of targeted and tailored warning I've described, I think it's likely she'd have recognised many of the common

features of a job scam in her own situation and that it would have resonated with her. And, on balance, I think the most likely outcome is that her eyes would have been opened to what was really going on and she'd have decided not to continue with the payment.

Is it fair and reasonable for Monzo to be held responsible for Mrs B's loss?

I've taken into account that Mrs B remained in control of her money after making the payments from Monzo. It wasn't lost until she took further steps. But the bank should still have recognised she was at risk of financial harm from fraud, made further enquiries about payment 6 and ultimately prevented her loss from that payment. I think Monzo can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mrs B has chosen not to pursue a complaint about any other firm and I can't compel her to do so. And I don't think it would be fair to reduce her compensation because she's only complained about one firm as I consider that Monzo should have prevented the loss.

Should Mrs B bear any responsibility for her loss?

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances. While I accept Mrs B believed these payments were being made in connection with a legitimate job opportunity, I'm not persuaded that belief was a reasonable one.

I've seen nothing to indicate there was any formalisation of the arrangement with the 'employer', for example a written contract or clear setting out of the terms of employment. In addition to this, the potential earnings advertised by the scammers were extremely high for the amount of work said to be involved and I think Mrs B should reasonably have questioned whether this was too good to be true. Also, people normally expect to be paid by their employer, rather than the other way around, and as far as I can see there wasn't really any attempt to explain this uncommon arrangement.

In the circumstances, I think Mrs B should have proceeded only with great caution. If she'd carried out any further research, for example online searches, I think she'd have discovered her circumstances were similar to those commonly associated with many job scams. Overall, I think it's fair and reasonable for Monzo to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Monzo could or should have done more to try and recover Mrs B's losses once it was aware that the payments were the result of fraud.

Mrs B transferred funds to legitimate accounts in her own name. From there, she moved money to a destination of her choosing (albeit on the scammers' instructions). Monzo could only try to recover funds from her own accounts and it appears all the money had already been moved on. If not, anything that was left would still have been available to her to access. In the circumstances, I don't think anything that Monzo could have done differently would likely have led to her money being successfully recovered.

In conclusion

For the reasons I've explained, I don't think Monzo acted fairly and reasonably in its dealings with Mrs B and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 5 in line with her instructions, if it had carried out an appropriate

intervention before payment 6 debited her account, I'm satisfied that payment would have been prevented.

Putting things right

The principal aim of any award I make must be to return Mrs B to the position she'd now be in but for the errors or inappropriate actions of Monzo, while allowing for any responsibility she should reasonably bear. If Monzo had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mrs B would have retained the money that was lost from payment 6. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mrs B's own contribution towards the loss.

To put things right, Monzo should pay Mrs B compensation of A + B, where:

- A = a refund of 50% of payment 6; and
- B = simple interest on the amount being refunded in A at 8% per year from the date of the payment to the date compensation is paid.

Interest is intended to compensate Mrs B for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Monzo to deduct tax from any interest. It must provide Mrs B with a certificate showing how much tax has been deducted if she asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I partly uphold this complaint. Subject to Mrs B's acceptance, Monzo Bank Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 22 December 2025.

James Biles
Ombudsman