

The complaint

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

What happened

In March 2024, Mr M received a text message from a number he'd never had any contact from before. The message appeared to be intended for someone else but, when Mr M responded, the messages continued and Mr M started a conversation with the person who sent the message.

After several weeks of messages, during which time their relationship developed to the point where they were messaging frequently, the person started telling Mr M about investing they did for their job and offered to help him invest. And as Mr M trusted the person at this point, he followed their advice and made two payments out of his account to purchase cryptocurrency, which he then sent on to wallet details he was given to fund his investment.

I've set out the payments Mr M made from his Monzo account below:

Date	Details	Amount
23 March 2024	To cryptocurrency exchange	£419.73
28 March 2024	To cryptocurrency exchange	£3,790.28

Unfortunately, we now know the investment was a scam. The scam was uncovered after the person Mr M was messaging stopped responding to him. Mr M 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 didn't agree to refund any of the payments Mr M had made. Mr M wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Monzo should have done more to protect Mr M when he tried to make the second payment here and that, if it had, this payment would have been stopped. But they also thought it would be fair for Mr M to bear some responsibility for his loss. So they recommended Monzo refund 50% of the second payment. Monzo 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.

Banks are expected to make payments in line with their customers' instructions. And Mr M accepts he made the payments here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payments. And so the starting position in law is that Monzo was obliged to follow his instructions and make the payments. So Mr M isn't automatically entitled to a refund.

However, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in March 2024 Monzo should:

- 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 (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

And so I've also considered whether Monzo should have identified that Mr M was at heightened risk of financial harm from fraud as a result of any of these payments.

Should Monzo have identified that Mr M was at heightened risk of financial harm from fraud?

The first payment Mr M made from his Monzo account as a result of this scam wasn't for a particularly large amount, or for an amount I'd expect it to identify as suspicious based on its size alone. So I don't think it's unreasonable that Monzo didn't identify that Mr M could be at risk of financial harm as a result of it, and didn't take any further steps before allowing it to leave his account.

But when Mr M tried to make the second payment here, for £3,790.28 on 28 March 2024, I think Monzo should have identified that he was at heightened risk of financial harm from fraud. This payment was for a significantly larger amount. It was also the second payment Mr M had made to the same payee in less than a week, with the second payment much larger than the first, and it was funded by a large credit into his account immediately beforehand – which is a pattern of behaviour often seen when customers are falling victim to a scam. The payments were also identifiably related to cryptocurrency which, around this time, I think Monzo ought to have recognised meant they carried an elevated risk of being related to a scam.

I appreciate Monzo has argued that the first payment to the cryptocurrency exchange will have made the second payment seem less suspicious, that not all cryptocurrency payments are related to a scam and that two payments isn't enough to identify suspicious behaviour. But while I understand not all cryptocurrency payments will be related to a scam, I think their increasing use by scammers around this time means Monzo should still have recognised they carry an elevated risk of being related to a scam. And I still think the size of this second

payment and the behaviour surrounding it was enough for Monzo to have identified a risk of financial harm here.

So I think Monzo should have intervened at this point and carried out additional checks before allowing this payment to go through. And I think a proportionate response to the risk I think Monzo should have identified here would have been for it to carry out some sort of human intervention with Mr M to attempt to establish the circumstances surrounding the payment, before allowing it to debit his account.

Did Monzo do enough to protect Mr M?

Monzo has said it didn't intervene to ask Mr M any questions or show him any scam warnings when he made these payments. So I don't think it did enough to protect him from financial harm here.

Would further action from Monzo have prevented Mr M's losses from that point?

In these circumstances and given the risk I think it should have identified, I think a proportionate response from Monzo would have been for it to carry out some sort of human intervention with Mr M. I think it should have asked him probing and in-depth questions to try to establish the circumstances surrounding the payments, and then given him a warning to address any risks it identified.

I've not seen anything to suggest Mr M had been given a cover story or told to give Monzo incorrect or misleading information about the payments he was making. So I think it's likely he would have answered honestly if asked about the payment, and that Monzo would then have found out that he was purchasing cryptocurrency as part of an investment he was told about by someone he had recently met.

As these circumstances match those often seen in investment scams, I think Monzo should then have had significant concerns that Mr M was likely the victim of a scam. I think it should have explained this to him and shown him a warning explaining the key features of common cryptocurrency investment scams and steps he could take to check whether the investment was legitimate.

And as there were also several other hallmarks of common cryptocurrency investment scams present in Mr M's circumstances, such as communicating through an instant messaging service, being assisted by a broker and being told he had made significant profits following a small initial deposit, I think a warning highlighting these features would have resonated with him and caused him to consider the payments he was making further. I think he would likely have followed any guidance Monzo gave about how to check the investment was legitimate, and the scam would then have been uncovered and Mr M wouldn't have made any further payments.

So if Monzo had done more to protect Mr M before he made the payment of £3,790.28 on 28 March 2024, as I think it should have done, I don't think he would have lost this money. And so I think it would be fair for Monzo to bear some responsibility for the loss Mr M suffered from this payment.

Should Mr M bear some responsibility for his loss?

I've also thought about whether it would be fair for Mr M to bear some responsibility for his loss. And while I appreciate that this was a sophisticated scam where he was given access to a trading platform which appeared to show trades being made and profit he was earning, I

do think there were a number of things about what was happening that should have caused him significant concern.

Mr M was first told about the investment by someone he had only met recently, had never met in person, and who appeared to be intending to speak to someone else when they first messaged him. And I think being introduced to an investment in this way should have caused him significant concern.

Mr M doesn't appear to have done any significant checks into the investment platform he was supposedly using, and doesn't appear to have received any documentation or paperwork about his investment. And given the amount of money he was investing, I think it's reasonable to expect Mr M to have done more checks into the investment and to have been concerned about the lack of documentation he received.

Mr M also appears to have been told he had made significant profits from his investment in a relatively short amount of time – earning around five times the amount he had invested in just a number of weeks. And while I appreciate Mr M was not an experienced investor, I don't think these kinds of returns are plausible. So I think being told he had made such a significant profit should have caused him significant concern that what he was being told was too good to be true.

I sympathise with the position Mr M has found himself in and recognise that he has been the victim of a cruel scam. But I think there were a number of things here which should have caused him significant concern, particularly when taken all together. And I don't think he did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them.

So I think it would be fair and reasonable for him to also bear some responsibility for the loss he suffered.

Summary

As I think both Mr M and Monzo should bear some responsibility for the loss he suffered, I think it would be fair for Monzo to refund 50% of the money Mr S lost from the second payment.

My final decision

For the reasons set out above, I uphold this complaint in part and require Monzo Bank Ltd to:

- Refund Mr M 50% of the money he lost from the second payment here – totalling £1,895.14
- Pay Mr M 8% simple interest on this refund, from the date of the payment until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 October 2025.

Alan Millward
Ombudsman