

The complaint

Mr J complains that Monzo Bank Ltd ('Monzo') won't refund the money he lost as the result of a scam.

What happened

Mr J invested with a company I'll refer to as H. The investment involved forex trading.

Mr J made a payment of £2,379.50 from his Monzo account to a payee I'll refer to as A. A offered a concierge service to investors and transferred the funds to H on Mr J's behalf.

Mr J realised he'd been the victim of a scam when he was unable to withdraw his funds and raised a fraud claim with Monzo.

Monzo have declined to refund Mr J saying they're not liable under the Contingent Reimbursement Model Code (CRM Code).

Mr J brought his complaint to our service and an investigator looked into it. The investigator agreed that A and H were operating a scam but said that Monzo were entitled to rely on an exception to reimbursement under the CRM Code. The investigator wasn't satisfied that Mr J had a reasonable basis for believing the investment was genuine, and didn't believe Monzo were required to provide an effective warning.

Mr J disagreed with the investigator's opinion and raised the following points:

- We have incorrectly applied the CRM Code, which was introduced to protect individuals from bearing the full weight of losses as the result of scams.
- The FCA warning was easy to miss.
- Mr J was introduced to the investment by someone he knew and trusted what he was told.
- The investment presentation was professional.
- The returns were optimistic, but not implausible
- Monzo should've had concerns and intervened when the payment was made and provided a relevant warning.

As the case couldn't be resolved informally, it was passed to me to 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Here, it's not in dispute that H and A were operating a scam. The dispute is over whether Monzo are required to provide a refund under the CRM Code. Having reviewed the evidence, I'm not satisfied that Monzo are required to refund Mr J, and I'll explain why.

I agree with the investigator that Monzo can rely on an exception to reimbursement under the CRM Code. I say this because Mr J should've been concerned about the information he had about the investment.

H said they could generate a return of 0.5% to 1% in every 24-hour period, which was too good to be true. Also, Mr J says he had previously invested in stocks and shares, and I can't see that he received any of the usual paperwork or documentation that would be expected with a genuine investment, which should've been a red flag.

I realise that the investment was referred to Mr J by someone he knew, but I'm not satisfied that means Mr J should've ignored the concerning information about H. Based on the information that was available to Mr J, I would've expected him to have completed independent checks before making the payment. If he had, he would've seen the FCA warning about H which was available online. On that basis, I'm not satisfied that Mr J had a reasonable basis for believing the investment was genuine.

Taking into account the size of the payment, that it was a single payment and Mr J's usual account activity – I'm not satisfied that Monzo should've identified an APP scam risk or intervened when the payment was made.

I realise that this was a large amount of money for Mr J, but banks have to balance identifying and appropriately intervening on concerning payments, while minimizing disruption to legitimate payments. And I'm not persuaded that the payment was so unusual and out of character that Monzo should've intervened. So Monzo have met the standards set for them under the CRM Code, and Mr J isn't entitled to a refund.

I'm really sorry to disappoint Mr J who has suffered a financial loss as a result of this scam. But for the reasons given above, I can't fairly hold Monzo liable.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 September 2025.

Lisa Lowe
Ombudsman