

The complaint

Mr S complains that Monzo Bank Ltd (Monzo) won't refund the money he lost as a result of an investment scam. Mr S is represented in this complaint by a Claims Management Company (CMC).

What happened

When Mr S submitted his complaint to the CMC, in March 2025, for them to seek a refund from his banks including Monzo, he doesn't appear to have realised, and therefore communicated to either the CMC or Monzo, that this was a romance scam. He was still liaising with the scammer, and he appears to have thought she was also the victim of an investment scam and not realised her involvement in it.

Although Mr S, and therefore the CMC, Monzo and other banks, don't appear to have initially realised this was a romance scam, our investigator referred to this in his view.

The following is a summary of apparent events.

It's unclear how X (the scammer) made contact with Mr S, however she started to communicate with him on a messaging app in April 2024. Mr S and X struck up a friendship and started to speak most days and this friendship quickly turned into a romance that went on for over a year.

X told Mr S about her crypto / trading success guided by an analyst and, although he was initially reluctant, she influenced him to start investing in a fake Company O. To fund his investment, X persuaded and pressurised Mr S to take out loans and borrow from friends and family. X also appears to have persuaded him that she was helping to fund his investment and to give her control of his computer.

In 2024 and again in 2025 (when Mr S ran out of money, had no more money to invest and was waiting to withdraw his fake investment profits) X appears to have manipulated him to borrow and then pay emergency medical fees for her and her mother.

In February 2025, Mr S was relieved to hear that he could finally withdraw money he made from the fake Company O investment, but he had to find and borrow more money to pay release fees. X led him to believe she had also invested, paid and lost release fees and they had both been scammed. This was at the beginning of March 2025 when Mr S contacted the CMC to try and get some money back from Monzo, Bank C and Bank H.

To pay the scammers Mr S:

- A. Borrowed funds and paid them into his accounts with Bank C and Bank H.
- B. Then he transferred funds from his Bank C and Bank H accounts into his Monzo account.
- C. Then he transferred funds from his Monzo account to two crypto exchange accounts he opened with Company S and Company C.
- D. Then, from Company S and Company C accounts, he credited the scammers in crypto.

Mr S made the following payments from his Monzo account:

Payment Number	Date	Payment Method	Beneficiary	Amount
1	15/05/2024	A mobile wallet	Mr S's account with Company S	£250.00
2	16/05/2024	A mobile wallet	Mr S's account with Company S	£300.00
3	20/05/2024	A mobile wallet	Mr S's account with Company S	£3,000.00
4	20/05/2024	A mobile wallet	Mr S's account with Company S	£4,000.00
5	23/05/2024	A mobile wallet	Mr S's account with Company S	£200.00
6	28/05/2024	A mobile wallet	Mr S's account with Company S	£1,000.00
7	10/06/2024	A mobile wallet	Mr S's account with Company S	£1,200.00
8	12/06/2024	A mobile wallet	Mr S's account with Company S	£200.00
9	12/06/2024	A mobile wallet	Mr S's account with Company S	£1,200.00
10	27/06/2024	A mobile wallet	Mr S's account with Company S	£500.00
11	28/06/2024	A mobile wallet	Mr S's account with Company S	£700.00
12	29/06/2024	A mobile wallet	Mr S's account with Company S	£300.00
13	09/07/2024	A mobile wallet	Mr S's account with Company S	£5,000.00
14	18/07/2024	A mobile wallet	Mr S's account with Company S	£5,000.00
15	18/07/2024	A mobile wallet	Mr S's account with Company S	£4,000.00
16	19/07/2024	A mobile wallet	Mr S's account with Company S	£2,600.00
17	26/07/2024	A mobile wallet	Mr S's account with Company S	£1,000.00
18	21/02/2025	Faster Payment	Mr S's account with Company C	£2,000.00
19	22/02/2025	Faster Payment	Mr S's account with Company C	£3,000.00
20	22/02/2025	Faster Payment	Mr S's account with Company C	£900.00
21	22/02/2025	Faster Payment	Mr S's account with Company C	£900.00
22	25/02/2025	Faster Payment	Mr S's account with Company C	£1,200.00
23	25/02/2025	Faster Payment	Mr S's account with Company C	£400.00
24	25/02/2025	Faster Payment	Mr S's account with Company C	£25.00
Total				£38,875.00

Monzo couldn't see that they'd done anything wrong and rejected Mr S's complaint and claim that they failed to protect him, and unravel the scam, by not intervening on out of character payments.

Mr S was dissatisfied and brought his complaint to our service. However, although our investigator thought that Monzo should've done more, he didn't think any intervention would've made a difference.

Mr S's representative disagreed and asked for an ombudsman to further consider his complaint. His reasons included the following:

- The coaching was minimal.

- Monzo gave no effective warnings.
- An intervention was totally lacking.
- An effective intervention would've uncovered the scam.

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 Mr S has been the victim of this cruel scam and lost a significant amount of money, I'm not upholding this complaint. And I'll explain why.

I should first say that:

- Although I've read and considered everything both parties have said, I won't be responding to every point individually. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on balance of probabilities.
- Although Monzo is a signatory of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I'm satisfied this code doesn't apply to the payments here due to Mr S transferring funds to another account in his name.
- As Mr S's funds were paid to the scammers from his crypto accounts, I wouldn't have expected Monzo to have been able to recover his funds.
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

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 Mr S 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 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 made 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

Also, from July 2023 Monzo had to comply with the Financial Conduct Authority's (FCA'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. Also, recognise signs of vulnerability, such as language difficulties, and provide appropriate support.

With the above in mind, I considered whether Monzo:

Should've recognised Mr S was a risk of financial harm from fraud and put in place proportionate interventions

When Mr S opened his account with Monzo, shortly before making payment 1, he told them the purpose was to make crypto transactions. So, his first few transactions wouldn't have been a surprise.

In 2024, Monzo would've known that crypto transactions carried a heightened risk of fraud and scams, and I found that upon payment 1 they issued warnings on his banking app and educational information on how to 'keep your money safe from fraudsters' and 'protect yourself against APP fraud'. If Mr S read it, their educational information:

- Included information on investment scams such as how scammers introduce themselves, invest money on your behalf, showing fake high profits, set up fake companies asking for release fees.
- Didn't include specific information on romance scams, which was what was happening here, and how scammers trick, manipulate and control customers.

I think these warnings, which relied upon customers reading them and not being manipulated, were proportionate for a customer intending to make high risk crypto payments and the first three payments.

However, as Monzo knew about the prevalence of crypto scams and fraud and their regulator had made it clear that the crypto risk was so high that customers could lose all their money, when Mr S made payment 4, which was his second of the day on a new account totalling £7,000, I think they should've recognised a heightened risk and stepped in to check he had read their warnings and asked probing questions to check he wasn't at risk of a fraud and scam.

Although there is evidence that Monzo's system triggered an intervention and blocked payment 4 and 6, this was only to confirm he was making the payments.

I can't see that Monzo did any analysis, considered questioning this payment or have provided sufficient evidence to persuade me that the payment wasn't unusual, and it wasn't proportionate for them to intervene. If a bank doesn't question payments that might be at risk, then it can't fulfil its duty to protect customers. I'm not saying that means it must check every payment out of its customers' accounts. But here, I believe that in addition to confirming his identity they ought to have contacted Mr S to discuss his payment.

Considering Mr S's subsequent payment to crypto exchanges I also think Monzo should've put in place a further human intervention, in July 2024, when he made payment number 16 as he was paying £11,600 in two days.

Having established that Monzo should've put in place human interventions at payment number 4 and 16, I then considered:

What would've likely happened upon human interventions and whether these would've resulted in the scam being unravelled and prevented some of Mr S's loss

When viewing Mr S's dialogue with X (the scammer) I found that:

- X was controlling and manipulating Mr S.
- Their relationship had developed into a romance, with Mr S fully trusting X, following her instructions and under her spell. Also, he appears to have promised not to divulge information on the investment.
- X had persuaded him to open the account with Monzo and appeared to be relying on Monzo not intervening.
- X was talking to Mr S most days, asking about interventions. She had told Mr S to lie on Bank C and Bank H interventions when he transferred funds to Monzo.
- Mr S updated X on Monzo's interventions, telling her about the information he had given them about trading in crypto when he opened the account. This was so she could advise him on how to get the payments through.
- It wasn't until 2025, after he paid and lost release fees, that he realised Company O was a scam and, even then, X appears to have convinced him she was also scammed and then reverted to other ways of scamming Mr S.

Although I have genuine sympathy for Mr S's experience and situation, due to the above including his willingness to deceive Bank C and Bank H and ignore their warnings, I think it more likely than not that even if Monzo had put in place human interventions he would've again followed X's instructions and then been coached on what to say. And this wouldn't have included a mention of fake Company O. Also, he would've again confidently accepted warnings that he could lose all his money, and I think, more likely than not, given a plausible crypto investment reason and not been truthful when answering probing questions.

So, having considered all the information on file, although I think Monzo should've done more here and put in place human interventions, due to the control and manipulation of the scammer, and the romance, I'm not persuaded that Mr S would've been truthful and that Monzo would've been able to unravel the scam or have reason to block the payments.

I realise the outcome of this complaint will come as a disappointment to Mr S and I'm very sorry he has lost a significant amount of money here. But, for the reasons I've explained, I won't be upholding this complaint and asking Monzo to make any refund.

My final decision

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2025.

Paul Douglas
Ombudsman