DRN-5753838

The complaint

Mr H complains that Monzo Bank Ltd won't reimburse money he lost to a scam.

Mr H has brought his complaint with the assistance of a professional representative. But for ease I'll refer to their submissions as being from Mr H except where the facts require otherwise.

What happened

Mr H found an investment opportunity through friends and family. He said he looked into the investment through social media testimonials and he joined a social media platform group along with other investors. The information provided by the investment company seemed legitimate, but he later discovered that he'd fallen victim to a scam.

Mr H set up accounts in his name with cryptocurrency providers. In the seven month period from April 2021 to October 2021 inclusive he sent payments totalling £11,242 to the cryptocurrency accounts. After converting the money to cryptocurrency he sent it to the scam investment company. In the period from May 2021 to October 2021 he received credits relating to the scam of £2,705. But when he tried to withdraw his profits he didn't receive a response from the scammers.

In October 2024 Mr H reported the scam to Monzo through his professional representative, asking for full reimbursement of his loss (£8,537), together with interest and compensation.

Monzo said Mr H had authorised the transactions and it didn't consider it should be held liable for his loss. But Monzo accepted it had made an error handling his complaint, which wasn't escalated properly. It later offered Mr H £75 for the distress and inconvenience this caused.

Mr H asked us to look into his complaint, saying that Monzo should have warned him about the possibility of cryptocurrency scams. He also referred a similar complaint to us about his account with an Electronic Money Institution (EMI) 'R' from which he had also sent money to the scammers. His complaint about R has been considered separately.

Our Investigator didn't uphold Mr H's complaint about Monzo in the main part. She didn't think any of the payments looked suspicious such that Monzo ought to have made additional checks before processing any of them. She didn't think there was any reasonable prospect of Monzo recovering the disputed payments using the chargeback process, as Mr H had authorised them and purchased cryptocurrency before sending this to the scammers. But she thought Monzo's offer of £75 compensation for its poor complaint handling was fair.

Mr H sent his bank details for Monzo to pay him the £75 compensation. Our Investigator explained he would need either to accept her view or ask for an Ombudsman's review.

Mr H asked for an Ombudsman's decision. In summary, he said the overall pattern of payments being made incrementally to cryptocurrency providers should have been recognised by Monzo as being suspicious not least as fraud involving cryptocurrency transactions is a well-established threat.

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.

This decision is confined to Mr H's complaint about Monzo. His complaint about his EMI, R, will be decided separately.

There's no dispute that Mr H authorised the payments he made to the scam. The starting point is that banks and EMIs ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

In saying this I accept that banks and EMIs should have been aware of the risk of cryptocurrency scams since at least January 2019 as the Financial Conduct Authority (FCA) and Action Fraud published warnings about them in mid-2018. But at the time Mr H made the payments in 2021 and 2022 banks and EMIs didn't need to automatically treat payments to cryptocurrency providers as carrying a significantly heightened risk of fraud.

There's a balance banks and EMIs need to strike between identifying payments that could potentially be fraudulent and allowing customers ready access to their funds. Not all crypto-related payments are made as a result of a fraud or scam.

So the key question here is whether the payments were sufficiently unusual or suspicious for Mr H's account such that intervention from Monzo ought reasonably to have been warranted.

I don't think Monzo ought reasonably to have intervened. I'll explain my reasons, focusing on the points I think are central to my decision.

I have reviewed Mr H's account and the payments he made to the scam. Having considered when they were made, their value and who they were made to, I'm not persuaded Monzo should have found any of the payments suspicious, such that it ought to have made enquiries of Mr H before processing them.

I accept the payments were to a crypto provider, but as I've said that doesn't mean payments should automatically be treated a suspicious. Although the payments might have been large for Mr H, I don't consider any individual payment was for a particularly large amount such that it ought to have raised suspicions for Monzo.

Mr H made the payments over several months. I've noted Mr H's point about scammers using incremental payments to avoid detection. But I don't consider any single payment, or series of payments should reasonably have led to any intervention by Monzo.

For completeness, I don't consider any chargeback process by Monzo would have a reasonable prospect of success given Mr H had authorised the payments which went to crypto providers to purchase cryptocurrency.

Monzo accepted there were some shortcomings in the way it responded to Mr H's complaint and I agree. Monzo offered him £75 compensation and I think that's fair.

My final decision

For the reasons I've explained, I don't uphold this complaint in the main part. But I do require Monzo Bank Ltd to pay Mr H £75 compensation for his distress and inconvenience due to its poor complaint handling, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 September 2025.

Amanda Maycock
Ombudsman