

The complaint

Miss F complains that Monzo Bank Ltd trading as Monzo ("Monzo") won't reimburse funds she lost as part of a scam.

What happened

The background to this complaint is well known to both parties so I won't repeat it in detail here. But, I understand it to be as follows.

In July 2023, Miss F saw a social media post from her friend. The post explained that Miss F's friend had made money from an investment and showed a screenshot of a payment into her bank account. Miss F contacted her friend, via the social media platform, to enquire about the post and to confirm its authenticity. Miss F's friend confirmed that it was legitimate and gave her the details of their mentor. This mentor will be further referred to as Person A.

Miss F contacted Person A and, with their assistance, set up an account with a cryptocurrency exchange. She then went on to make two payments of £1,500 on 30 July 2023 from her Monzo account to her cryptocurrency account. From here, Miss F exchanged her funds into cryptocurrency which she then forwarded to the wallet details given by Person A.

The next day, Miss F attempted to withdraw her investment and was informed by Person A that she would need to pay further fees in order to do so. Miss F explained to Person A that she had no further funds, at which point Person A ceased all communication. At this point, Miss F realised she'd been the victim of a scam and contacted Monzo to make them aware of the situation.

Monzo looked into what had happened but declined to reimburse Miss F's loss as the payments went to an account in her own name. Miss F subsequently raised a complaint with Monzo.

In response to Miss F's complaint, Monzo declined to reimburse her loss as the payments were authorised and they didn't believe they'd breached their duty of care to her. Unhappy with this response, Miss F, via a professional representative, referred her complaint to our service.

An investigator looked into Miss F's complaint and upheld it, in part. The investigator found that Monzo ought to have provided Miss F with a tailored written warning prior to releasing the second payment and, had they done so, they felt it more likely than not that this warning would've prevented Miss F's loss. They did, however, find that Miss F should share liability for her loss based on the lack of checks carried out prior to proceeding with the payments. Monzo disagreed with the investigator's findings on the basis that there wasn't an apparent scam risk at the time of the payments and that the payments were made to an account in Miss F's own name.

As the complaint couldn't be resolved by the investigator it has been passed to me for a decision.

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.

In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Monzo isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their 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 interest of its customers and to follow good industry practice to keep customer's 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.

Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Miss F.

Should Monzo have intervened prior to the payments? And, if so, would this intervention have prevented the scam?

The payments made by Miss F were to a payee that was recognisable as a cryptocurrency exchange. As the payments were made in July 2023, I believe that Monzo ought to have been aware, and recognised that, payments to cryptocurrency can carry an elevated risk of fraud.

Having reviewed Miss F's account for the six months prior to the scam, I can see that the total value of the payments (£3,000) is almost twice the amount of the highest genuine payment from the account. Further to this, the second payment was also made in very quick succession following the first which could also be seen as a sign of fraud and financial harm.

Based on these factors, I'm satisfied that Monzo ought to have provided Miss F with a tailored written warning prior to releasing the second payment.

I appreciate that the cryptocurrency account was in Miss F's own name, but this information wouldn't have been clear to Monzo at the time of the payment. Furthermore, even if Monzo were aware that the account was in Miss F's name, I still believe that a warning was merited given the other factors mentioned above.

Had Monzo supplied a tailored written warning to Miss F prior to releasing the second payment I'm satisfied that it would've prevented the scam from continuing. I say this based on the fact that Miss F had carried out no independent checks to determine the legitimacy of the scam. Had Monzo made her aware of what checks she could've, and should've, carried out prior to investing, and I've seen no evidence to suggest Miss F would've ignored any warning. Further to this, I'm satisfied that basic checks into the investment opportunity would've uncovered the scam.

Taking the above into account, I'm satisfied there was reason enough for Monzo to have supplied a tailored written warning to Miss F prior to releasing the second payment. I'm also satisfied that a tailored written warning would've prevented the scam from continuing.

Should Miss F bear any responsibility for her loss?

Having reviewed the information available, I agree with the investigator's finding that Miss F ought to have carried out more checks prior to making the payments.

I can't see that Miss F carried out any checks on the investment prior to making the payments or that she received any detailed information or documentation to prove its authenticity.

I understand that the initial social media post appeared on what she believed at the time to be a trusted friend's page, but the features of the investment given by the fraudster ought to have led to some other form of checks being carried out to authenticate what she was being told.

So, I'm satisfied that Miss F should bear some responsibility for her loss.

Recovery of Miss F's funds

I've considered whether Monzo did what they should've when they were made aware that Miss F had fallen victim to a scam. I can see that Monzo contacted the relevant beneficiary in an attempt to recover Miss F's funds. Unfortunately, as Miss F had confirmed, her money had already been transferred into cryptocurrency and forwarded on from the beneficiary account, meaning that Monzo were not able to recover her funds.

Overall

Based on everything I've seen, I'm satisfied that Monzo ought to have provided a tailored written warning to Miss F prior to releasing the second payment of £1,500 and, had they done so, this would've prevented the scam from continuing. I'm also satisfied that Miss F should bear equal responsibility for her loss given the lack of checks carried out prior to the payments.

Putting things right

To put things right Monzo Bank Ltd trading as Monzo should:

- Refund Miss F 50% of the second payment of £1,500 made as part of this scam.
- Pay interest on that award the date of the payment until the date of settlement.

My final decision

My final decision is that I uphold this complaint, in part, and require Monzo Bank Ltd trading as Monzo to reimburse Miss F as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 9 October 2025.

Billy Wyatt
Ombudsman