

The complaint

Mr B complains that Monzo Bank Ltd (Monzo, hereinafter) hasn't refunded the losses he's incurred when falling victim to an investment scam.

What happened

The facts are well known to both parties, so I have outlined the key details. In summary, Mr B says a work colleague recommended an investment opportunity to him, involving cryptocurrency on or around September 2024. Mr B said he would be interested in taking part, as his colleague seemed to be making significant profits. Unbeknown to Mr B, this was sadly a scam.

Mr B was approached on a social media messaging platform by the scammer, posing as the investment account manager. The scammer explained Mr B should open a bank account with Monzo to send funds to the investment, as it was a cryptocurrency friendly bank.

They then showed him how to set up his investment account on a fake trading platform and persuaded Mr B to open wallets with genuine cryptocurrency providers I'll refer to as C, R and T, from which to top-up his investment account.

Mr B also made two payments to the scammer from another bank account in his name with a bank I'll refer to as Bank A. Mr B was allowed to withdraw a few small dividends early in the scam, which further persuaded him this was a legitimate investment opportunity.

Mr B funded the scam through his own savings and by cash withdrawals from his own and his parents' credit cards. He also used his student finance disbursements. When he was asked to pay to withdraw his investment, he then took out loans with two loan providers totalling £11,500.

From his Monzo account Mr B made 17 transactions, both faster and debit card payments, to his cryptocurrency wallets, and from there he sent the funds to the scammer's wallet. Mr B's total loss to the scam from his Monzo account amounts to £23,570.41. He also sent three payments from Bank A, amounting to £1,064.92. So, the total scam loss amounts to £24,635.33.

Mr B was also able to withdraw dividends on four occasions across the duration of the scam to his Monzo and Bank A accounts, totalling £1,239.84.

Mr B realised he had been scammed when the scammer continued to demand more funds in order to release his investment. He reported the scam to Monzo on 7 February 2025.

Monzo refused to refund Mr B on the basis his account activity wasn't suspicious enough to highlight he may be falling victim to a scam. It also said it presented a warning when Mr B made the first payment and, as Mr B ultimately authorised all the payments himself, it couldn't be held liable for his loss.

So, Mr B referred a complaint to the Financial Ombudsman Service.

Our Investigator found that Monzo should have intervened when Mr B made payments 9 and 11 to his cryptocurrency wallet with C, amounting to, respectively, £5,900 and £5,100. They said Monzo should have intervened on payment 9 with a tailored automated warning, but they didn't think that would have successfully unveiled the scam.

However, they said payment 11 was unusual enough to require Monzo to block it and have one of its fraud specialist call Mr B to discuss it further, and that such intervention would have successfully unveiled the scam. Our Investigator said that Mr B didn't conduct any independent checks on the scam and took the scammer's words at face value, so he should equally share liability with Monzo, and a 50% deduction should be applied from payment 11 onwards.

Mr B accepted our Investigator's view. But Monzo disagreed, arguing that the account activity wasn't out of character enough to require any intervention and that it wasn't possible for Monzo to know the payments were being made to a cryptocurrency provider.

It also said that, in any event, even if it had intervened, Mr B would have likely misled it as to the reason for the payment and the scam would not have been unveiled.

In light of this disagreement, I have been asked to review everything afresh and reach a decision on the matter.

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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I don't doubt Mr B has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr B is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Mr B for his loss (or a proportion of it) if:

- I thought Monzo reasonably ought to have prevented all (or some of) the payments Mr B made, or
- Monzo hindered the recovery of the payments Mr B made

whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Monzo treated Mr B fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did.

Having done so, I've decided to uphold Mr B's complaint, and for broadly the same reasons as our Investigator. I'll explain why.

Should Monzo have intervened and would it have made a difference?

I have kept in mind that Mr B made the payments himself, and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance.

I appreciate that Mr B did not intend for his money to ultimately go to fraudsters and was deceived into doing so – but he did authorise these payments to take place. However, there are some situations when a bank, should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the 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 – Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

So, I've thought about whether the transactions should have highlighted to Monzo that Mr B might be at a heightened risk of financial harm due to fraud or a scam.

I think the first eight payments to the scam were too low value and not in fast succession to require any intervention from Monzo. I'm also mindful Monzo didn't have any historic information about the account or what Mr B's typical usage was like, because he had just opened his Monzo account for the purpose of the scam. So, Monzo wouldn't have been, at first, in a position to know whether Mr B's activity was unusual or out of character – as it had nothing to compare it against.

However, payment 9 was the first one of a significant value going to an identifiable cryptocurrency provider. Monzo argued that it couldn't know that this was the case, as its systems only showed the funds were destined to an account number and sort code serviced by a bank account provider that provides banking facilities to C, that I'll refer to as Bank B.

Since Bank B offers such facilities to many payment service providers, Monzo said there was no way of knowing Mr B was paying an identifiable cryptocurrency provider.

I'm afraid I can't accept this argument. It's widely known and accepted in the industry that payments involving cryptocurrency can carry higher risks than other types of payments, with millions of pounds having been lost by UK customers via cryptocurrency payments to scammers in recent years.

Therefore, due to the prevalence of scams involving cryptocurrency payments, I think it would be reasonable to expect Monzo to have been on the lookout and monitor its customers' accounts against the risks associated with those payments, by the time these events took place in December 2024.

And such monitoring should include developing and implementing auditing and fraud detection systems able to capture whether a customer's payment is going to an identifiable cryptocurrency provider, which many banks have embedded in their fraud prevention tools.

I think Monzo should have clearly classified Mr B's payments as going to an identifiable cryptocurrency provider. I say this because C is one of the most established and well-known cryptocurrency providers offering services to UK customers.

Moreover, Bank B doesn't offer services directly to retail customers either, so I would expect Monzo to know that when a payment is going to Bank B, it's ultimately destined to a third-party institution using Bank B's facilities to receive the payment, which could well be cryptocurrency related.

Furthermore, Mr B had made or attempted to make card payments to all three of his cryptocurrency providers, C, R and T, earlier in the scam and the auditing information clearly captured these details. Mr B had also used the reference "Crypto account" in his faster payment to C on 31 October 2024. So, overall, I think there were plenty of signs for Monzo to detect Mr B was making payments to identifiable cryptocurrency providers from well before payment 9.

I agree with our Investigator that issuing a tailored written warning would have been a proportionate intervention from Monzo at this stage, and I also agree that such warning would have unlikely unveiled the scam. I've come to this conclusion after having read Mr B's testimony and the chat transcripts with the scammer impersonating the account manager and customer service.

These documents evidence that Mr B relied strongly on the guidance of the scammer. He'd never invested before and he'd never used cryptocurrency wallets, so the scammer guided him every step of the way. In order to make payment 9, Mr B had applied for a loan and followed the scammer's advice to state he was borrowing money to do some home improvements.

Moreover, Mr B's testimony reveals he'd been advised by the scammer to keep the investment hidden from others and to not discuss it with anyone. So, I'm persuaded that, more likely than not, if Monzo had asked Mr B to confirm the reason for his payment through an in-app questionnaire, Mr B would have resorted to the scammer's advice to ensure the payment went through, even if that entailed misleading the bank.

So, I can see how a tailored warning intervention wouldn't have unveiled the scam.

However, I'm of the opinion that Monzo should have intervened again on payment 11, by blocking it and having one of its fraud specialists call Mr B to explore the reasons for his

payment further. This is because the pattern of payments showed a significant increase in value from the earlier payments, with well over £10,000 being sent to a cryptocurrency wallet in a matter of days.

Monzo has disagreed that human intervention was required in the circumstances, but ultimately accepted it could have been successful in uncovering that Mr B was being scammed. I agree with this statement and I'll explain why.

By payment 11, Mr B had used up his savings, maxed out most of his credit cards and already taken out two loans to try and withdraw his investment. The chat screenshots with the scammer impersonating customer service showed Mr B being very apprehensive and asking repeatedly at what point he'd be able to withdraw. Mr B was also sceptical of the investment opportunity to begin with, and this can be clearly observed in the earlier interactions with the scammer. So, I'm inclined to think his belief in the scammer was faltering at this point in the scam.

Moreover, there's no evidence in the chat transcripts that Mr B was heavily coached by the scammer on what to tell the bank if it had blocked his payments. And I don't think Mr B, on his own, would have been able to persuasively convince Monzo he was investing in cryptocurrency independently. By Mr B's own admission, he knew very little about cryptocurrency and he'd never traded cryptocurrencies before the scam. His hesitation and ignorance on the subject visibly come through the scam chat transcripts and I think would have also come through during a proper human intervention from the bank.

So, I'm persuaded Mr B wouldn't have been able to confidently mislead Monzo, if it had asked specific questions about cryptocurrency trading and why he was investing such high amounts in a short space of time. I believe Mr B was scared to lose all of his funds and be left in significant debt, and so I think most likely he would have heeded the banks' warning and ultimately disclosed he was paying fees to withdraw his investment dividends.

As a consequence, I found that, on the balance of probabilities, Monzo's human intervention on 13 December 2024 would have unveiled the scam.

Should Mr B share equal responsibility with Monzo?

I've thought about whether Mr B should bear any responsibility for his losses. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint, including taking into account Mr B's own actions and responsibility for the losses he has suffered.

I've also taken into account that Mr B and his representatives have accepted our Investigator's findings on the matter, so I don't need to cover this aspect of the complaint in great detail.

However, for the sake of completeness and clarity of my decision, I'm also of the opinion that Mr B contributed to his own losses by not completing sufficient independent research on the investment before committing a very high amount of money to it. In particular, I would have expected Mr B to realise something might be wrong with the investment when the scammer continued to make repeated requests for payment just to "verify" his investment account.

Moreover, I think Mr B should have picked up on the scam's red flags when the scammer advised him to lie to the loan providers so that his borrowing request would be approved, as I would have expected him to recognise that no genuine investment manager would do that.

Overall, looking at the circumstances, I think Mr B should have, on the balance of probabilities, realised there was a possibility the situation was not genuine and acted accordingly. As such, it would not be fair to require Monzo to compensate him for the full amount of his losses from payment 11 onwards. Weighing the fault that I've found on both sides, I've concluded, on balance, that a fair deduction would be for Mr B to bear 50% of his losses.

Recovery

The payments were made by debit card and faster payment to three separate cryptocurrency providers, C, T and R.

Mr B sent the cryptocurrency to the fraudsters from those wallets. So, Monzo would not have been able to recover the funds, as none would have remained in the wallets.

In addition, with regards to the debit card payments, I don't consider that a chargeback would have had any prospect of success given there's no dispute that R and T provided cryptocurrency to Mr B, which he subsequently sent to the fraudsters. So, I believe R and T would have successfully defended any chargeback claims.

In conclusion, I don't think it would be fair and reasonable to conclude that Monzo should have done anything more to try and recover Mr B's funds.

Calculating the refund

Before I proceed to explain how I think Mr B's refund should be reasonably and fairly calculated, I'd like to explain that I've removed the £19.00 payment from the overall scam loss as that payment went to a bank account in Mr B's name and was never lost to the scam.

However, I've added to the overall loss the debit card payment Mr B made to R on 31 October 2024 for £561.41, as I'm satisfied that payment also went to the scammer. This is demonstrated by the screenshots of Mr B's conversation with the scammer impersonating customer service, where Mr B is told to stop making payments into his trading account from more than one wallet. So, I'm satisfied the overall loss from the Monzo account is £23,570.41.

Moving on to the calculation of the redress, as mentioned above, Mr B received money back into his Monzo and Bank A's accounts from his cryptocurrency wallets with C and R.

Given Mr B was falling victim to a scam and his 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Mr B made to the scam. This ensures that these credits are fairly distributed.

To work this out, Monzo should take into account all of the payments Mr B made to the scam across both the Monzo and Bank A's accounts, which I've set out in the "What happened" section above.

In this case, the 'profit/returns' received equals £1,239.84 and the total amount paid to the scam equals £24,635.33. Monzo should divide the 'profits/returns' by the total amount paid to the scam. This gives the percentage of the loss that was received in 'profits/returns'.

Deducting that same percentage from the value of payments 11 to 17 – amounting to £13,035, gives the amount that should be reimbursed.

Here the 'profit/returns' amount to 5.03% of the total paid to the scam. It follows that the outstanding loss of £13,035 should be reduced by the same percentage. That means Mr B's reimbursable loss is 94.97% of £13,035.

However, as I've explained above, I also think that the amount reimbursed should be reduced by 50% to reflect Mr B's contributory negligence.

Please note that, for ease of reading, I've rounded the relevant percentages down to two decimal places, but Monzo should perform the calculation I've set out above to arrive at a more precise figure, as I have done to arrive at the figure below.

I therefore calculate the overall reimbursement due to Mr B to be £6,189.49.

Putting things right

To put things right, Monzo Bank Ltd should now:

- Pay Mr B 50% of the payments he made from payment 11 onwards – a total of £6,189.49.
- Pay 8% simple interest per annum on £6,189.49 from the date of each payment to the date of settlement*

I consider that 8% simple interest per year fairly reflects the fact that Mr B has been deprived of this money and that he might have used it in a variety of ways.

*If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from the interest I've awarded, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, I uphold this complaint in part and require Monzo Bank Ltd to pay Mr B as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 March 2026.

Daria Ermini
Ombudsman