

The complaint

Ms S complains that Monzo Bank Ltd didn't do enough to protect her from the financial harm caused by an investment scam.

What happened

Ms S has explained that in November 2023 she was contacted about joining an investment club that provided an online platform and trading signals that could lead to profits of up to 200%. After observing the club for a couple of months, Ms S joined and was asked to download trading software and open an account with an online crypto currency exchange (C).

Ms S went on to use her Monzo current account to make the following payments to the investment club using her account with C:

Payment no	Date	Payee	Amount	Reversed	Loss
1	22/01/2024	crypto wallet	£0.10	£0.10	£0
2	22/01/2024	crypto wallet	£1,675.77	£1,675.77	£0
3	22/01/2024	crypto wallet	£1,675.90	£1,675.90	£0
4	22/01/2024	crypto wallet	£837.80	£837.80	£0
5	24/01/2024	crypto wallet	£831.26	£831.26	£0
6	24/01/2024	crypto wallet	£831.14	£831.14	£0
7	24/01/2024	crypto wallet	£831.14	£831.14	£0
8	24/01/2024	crypto wallet	£830.95	£830.95	£0
9	24/01/2024	crypto wallet	£830.90	£830.90	£0
10	24/01/2024	crypto wallet	£106.40	£106.40	£0
11	24/01/2024	crypto wallet	£831.63	£831.63	£0
12	29/01/2024	crypto wallet	£834.06	£0	£834.06
13	05/02/2024	crypto wallet	£842.45	£0	£842.45
14	29/02/2024	crypto wallet	£4,214.26	£0	£4,214.26
15	01/03/2024	crypto wallet	£4,186.03	£0	£4,186.03
16	02/03/2024	crypto wallet	£4,190.22	£0	£4,190.22
17	02/03/2024	crypto wallet	£4,190.34	£0	£4,190.34
18	10/03/2024	crypto wallet	£4,139.17	£0	£4,139.17
19	10/03/2024	crypto wallet	£4,140.12	£0	£4,140.12
20	16/03/2024	crypto wallet	£60.62	£0	£60.62
21	18/04/2024	crypto wallet	£2,553.39	£0	£2,553.39
22	18/04/2024	crypto wallet	£1,700.32	£1,700.32	£0
23	18/04/2024	crypto wallet	£1,699.90	£1,699.90	£0
24	18/04/2024	crypto wallet	£1,700.32	£1,700.32	£0

25	18/04/2024	crypto wallet	£1,699.13	£1,699.13	£0
26	19/04/2024	crypto wallet	£1,703.39	£0	£1,703.39

Ms S has explained she was later told to make commission payments to withdraw her funds but was unable to do so. Ms S contacted Monzo for help in May 2024 having lost a total of £31,055.05 to the investment club that she was unable to recover.

Monzo reviewed Ms S' claim but wasn't persuaded to refund the payments she'd lost to the scam. Ms S went on to raise a complaint. Monzo issued a final response and said it had followed Ms S' instructions when making payments on her behalf to C and didn't uphold her complaint.

An investigator at this service upheld Ms S' complaint in part. The investigator noted the first 11 payments sent to C, an online cryptocurrency exchange and new payee, were reversed which should've identified the risk of Ms S being scammed to Monzo. The investigator also noted no additional fraud warnings were provided by Monzo despite the payments being high risk. The investigator thought Monzo should've given a warning that was specific to cryptocurrency investment scams. They also thought Monzo should've asked a series of questions about the payments in an attempt to narrow down the potential scam risk. And once the risk was identified, the investigator thought Monzo should've provided more detailed warnings, highlighting the features of cryptocurrency investment scams. The investigator thought an intervention of that nature by Monzo would've most likely identified the scam and avoided Ms S' losses.

The investigator also considered whether Ms S should be liable for some of her losses. They thought Ms S had ignored warning signs the investment may not have been legitimate like being approached online and investment guidance being given via a messaging service. In addition, the investigator noted Ms S had never met the people providing investment advice and that the proposed profit of 200% was unrealistic. As a result, the investigator thought it was fair for Monzo to make a deduction of 50% of Miss S' losses when settling her complaint.

Monzo ultimately accepted the investigator's view of Ms S' complaint and agreed to refund 50% of her losses. Ms S asked to appeal and said she wanted Monzo to refund all the money she'd lost to the scammers. Ms S said Monzo had full responsibility in this case and no warnings or adequate safeguards were in place when she made the payments. As Ms S asked to appeal, her complaint has been passed to me to make 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, I am required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

The starting position in law is that Ms S is responsible for the payments she made from her Monzo account. And Monzo has a duty to make payments as instructed by Ms S. But, as supported by the terms and conditions of the account, that doesn't preclude Monzo from carrying out fraud checks and intervening when appropriate before making a payment. Considering regulatory expectations and good industry practice at the time the payments were made, I'm satisfied that Monzo should fairly and reasonably have been on the lookout for the risk of fraud and stepped in when appropriate.

I'd add that while Monzo wasn't signed up to the Contingent Reimbursement Model Code (CRM Code), it's confirmed it applies and conforms by the principals within it. With that said, the CRM Code doesn't cover payments that are made by someone to another account in their name or debit card payments. As Ms S was making debit card payments to an account with C in their own name, I'm satisfied the terms of the CRM Code don't apply here.

I think the investigator made a reasonable point when they said Monzo should've taken note that 11 payments Ms S attempted to make to C, a new payee and cryptocurrency exchange, between 22 January 2024 and 24 January 2024 were reversed. The sums Ms S attempted to pay were significant and the payments were out of character in terms of her account history. I agree that a human intervention, asking Ms S questions about the proposed payments and providing information about investment scams, would've most likely helped identify the risk she was being scammed and prevented her losses. Monzo has already confirmed it accepts the investigator's opinion Ms S' complaint should be upheld on that basis. As Monzo has already accepted Ms S' complaint should be upheld, I've gone on to consider the remaining outstanding issue – whether Ms S should share responsibility for her loss.

In doing so, I've considered what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of Ms S' complaint.

Here, I think it's fair to say Ms S could've done more to check the investment opportunity was legitimate. Ms S has explained she received unsolicited contact via an online messaging service about the opportunity and then received tip signals about investments. Investment opportunities with a 97% success rate and returns of at least 200% were discussed in the contact Ms S had. Mr S says she followed a link provided by the scammers to an investment website. But when I tried to search for that business I wasn't able to find a company with its specific name or any public reviews of its services. In addition, it doesn't appear that Ms S ever dealt with someone directly or met them in person which feels at odds with the amount and types of investment she wanted to make.

I think limited research from Ms S would've quickly identified the common features of a well-publicised scam and raised major concerns. Taking all the available information into account, I don't think I can fairly hold Monzo solely liable for Ms S' losses. I think Ms S should share the liability for the losses. Taking all of this into account, I've decided to reduce the award I'm making by 50% in recognition of Ms S's contributory negligence.

As Ms S made the payments from her debit card to purchase cryptocurrency, once the transactions had gone through and conversion completed there was no way for Monzo to recover the funds.

I am also satisfied that Monzo acted fairly in not raising a chargeback for Ms S. Ms S authorised the card payments, although not realising she was the victim of a scam. And, the merchant, (C), provided the service paid for by converting Ms S' funds to cryptocurrency as requested. As a result, a chargeback wouldn't have been successful in these circumstances.

Overall, whilst I'm sorry to hear about this cruel scam and the impact it has had on Ms S, I haven't been persuaded it would be fair to tell Monzo to cover the full loss. I'm satisfied that a refund of 50% of Ms S' loss plus interest is a fair way to resolve her complaint so I'm going to proceed on that basis.

My final decision

My decision is that I uphold Ms S' complaint and direct Monzo Bank Ltd to settle by refunding 50% of all successful payments made to C from and including payment 12 and apply 8% simple interest from the date of each payment to the date of settlement.

*HM Revenue & Customs requires Monzo to deduct tax from any award of interest. It must give Ms S a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 27 November 2025.

Marco Manente
Ombudsman