

The complaint

Mr P complains that Monzo Bank Ltd (“Monzo”), have failed to refund money that he says he lost as part of an investment scam.

What happened

Mr P came across a company that purported to be an investment firm, but he says it was actually a scammer that I will call C. Mr P was persuaded to make a large amount of payments from his Monzo account to C totalling over £150,000, via debit card.

Mr P raised a complaint with Monzo, as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they did not uphold this complaint. They believed that Mr P had not sufficiently demonstrated that he had been scammed,

Mr P did not agree with these conclusions. So his complaint has been passed to me to issue a final 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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In this decision, I’ll concentrate my comments on what I think is relevant. If I don’t comment on a specific point, it’s not because I’ve failed to consider it, but because I don’t think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this and this reflects the nature of our service as a free and informal alternative to the courts.

In broad terms, the starting position is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer’s account.

But, taking into account relevant law, regulators’ rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment – (as in practice Monzo sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

The obligations I've outlined above are, however, predicated on there having been a fraud or scam. If Mr P hasn't suffered a loss to a scam, Monzo had no obligation to prevent him from making the payments, if the payments are to a legitimate firm Monzo has no obligation to provide investment advice or question the wisdom of a transaction. And I should explain, initially, that although Mr P has described falling victim to a scam, the company that he said he was scammed by appears to be a legitimate firm.

I note that there is an FCA warning saying that it had been operating in the UK without being regulated. But this does not necessarily mean that the firm is a scam. The firm appears to be a legitimate trading firm that is regulated overseas.

The chat and screen shots that have been provided suggests that Mr P was actually making investments - albeit not successful ones. There is nothing to suggest that Mr P was dealing with a clone of C either. I also note that Mr P was offered a C branded pre-paid debit card which would again suggest that C was a legitimate firm.

Finally, I accept that there are some poor reviews about C online, but any large company will have some poor reviews. The existence of some poor reviews online about C does not mean that they are not a legitimate firm.

From what I can see I think that it is most likely that Mr P was trading with a legitimate firm that was not regulated in the UK. So overall, I don't think Mr P has been scammed. So Monzo are not liable for his loss. Given this, I am not going to comment on whether Monzo should have intervened during the transactions in question.

I've also thought about whether Monzo did enough to attempt to recover the money Mr P says he lost. In this instance the payments would not be covered by the Contingent Reimbursement Model ("CRM") as debit card payments are not covered. I don't think that a chargeback would have been successful either due to the timescales involved and as it looks like the payments were a means to send funds to C which is what happened, so there would be no grounds to challenge the payments. So overall I don't think that Monzo could have recovered any of the funds.

I appreciate this will likely come as a disappointment to Mr P. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for the losses that Mr P says he experienced in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 March 2026.

Charlie Newton
Ombudsman