

The complaint

Mr A has complained that Monzo Bank Ltd (“Monzo”) will not refund the money he lost as the result of a scam.

What happened

Both parties are familiar with the details of the scam, so I will provide only a summary here. Mr A was introduced by a friend to a crypto investment firm that I will call B.

Mr A subsequently sent funds to crypto exchanges in July 2021, totalling over £7,500. The funds were then exchanged into crypto, which was sent onto B. The payments to the crypto exchange were made via bank transfer.

Mr A was promised returns of 0.5% a day, but he says he was unable to make any withdrawals. Shortly after B collapsed, it was widely reported online that B was running a Ponzi style scheme. More recently, the founders of B have been charged with fraud.

Our investigator did not uphold the complaint. This was because they did not think that the payments that Mr A made to the crypto exchange were large enough to have prompted an intervention from Monzo. So they did not think that Monzo could have uncovered or prevented the scam.

Mr A did not agree, so the complaint was passed to me to issue 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.

There’s no dispute that Mr A made and authorised the payments. Mr A agreed to make the payments, and knew the reason why the payments were being made. At the stage he was making these payments, he believed he was transferring funds to invest in crypto. I don’t dispute Mr A was scammed and that it later transpired that he wasn’t making payments for the reason he thought he was, but I remain satisfied the transactions were authorised by him.

It’s also accepted that Monzo has an obligation to follow Mr A’s instructions. So, in the first instance Mr A is presumed liable for his loss. But there are other factors that must be considered.

I’ve considered whether Monzo should have done more to prevent Mr A from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance I can see that on 30 July 2021, Mr A made a payment of £7,450 to a crypto exchange. This payment was larger than the payments that Mr A usually made. So I think that this was unusual enough to have prompted Monzo to have queried the payment, especially as by this time, crypto scams were well known. I think a proportionate intervention would have been for Monzo to contact Mr A and ask him about the payment.

Had probing questions been asked, I think Monzo would have quickly learned the basic background to the payment instruction – that Mr A was buying crypto and then sending it on, to what he thought was a crypto trading firm. Had Monzo asked the name of B, it would have discovered that there was an FCA warning at the time, which stated that B were operating without authorisation and that B could be a scam.

So, I think Monzo would have been concerned by what the conversation would most likely have revealed and so warned Mr A. Had it done so, I think Mr A would have listened and recognised he was at risk of being a victim of a scam given the FCA warning.

It therefore follows that I think Mr A would not have gone ahead with the payments had Monzo provided Mr A with a warning during an intervention.

I've considered carefully whether Mr A should hold some responsibility for his loss by way of contributory negligence. In this instance the returns promised by B were indicative of a scam company as 0.5% a day and a guarantee of tripling an investment in 600 days as well, is not realistic. Also, I don't think that Mr A researched B sufficiently, given that there was a warning about B prior to when he invested.

So overall and having considered everything, I think that Mr A contributed to his own loss and therefore I feel that it would be appropriate to reduce the amount of compensation due to Mr A by 50%.

I have thought about whether Monzo could have recovered the funds. But the Contingent Reimbursement Model ("CRM") does not apply to funds sent to an account in the consumer's own name. So I don't think Mr A can be reimbursed for his loss under the CRM. I also don't think that there was any other way to recover the funds.

Putting things right

I uphold this complaint in part and Monzo will have to do the following:

- I note that a credit of £255 was received on 30 July 2021 but this was not a return from the scam it looks to have been left over crypto in the crypto account. So the £255 should be deducted from the total loss from and including the £7,450 transaction (it looks to be £7,550) and then the 50% reduction should be put in place.
- Add 8% simple interest annually on those sums from the date they were paid to the date of settlement, less any tax lawfully deductible.

My final decision

I uphold this complaint in part and require Monzo Bank Ltd to pay Mr A the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 February 2026.

Charlie Newton
Ombudsman