

The complaint

Mrs H is unhappy that Monzo Bank Ltd (Monzo) won't refund payments she made from her account which she later discovered were part of a cryptocurrency based, investment scam.

What happened

In early 2022, Mrs H made three payments from her Monzo account to a new payee, that formed part of what she believed was a legitimate cryptocurrency investment opportunity. She transferred £10 on 27 January 2022, £10,000 on 31 January 2022 and £7,360 on 3 March 2022, all to her cryptocurrency account and then on to the people she was discussing the opportunity with. She sent a total of £17,370.

Mrs H said she was introduced to the opportunity by a family member and was provided with what appeared to be professional documentation, a white paper and a presentation about the business. She said the founders appeared to have a public profile and she was told enough, for her to believe the opportunity was genuine.

Sadly though, the investment proposition put to Mrs H was a scam, that is now widely regarded as a Ponzi pyramid scheme. The money Mrs H transferred to them was ultimately lost.

Mrs H through representatives, complained to Monzo. Monzo in response said the payments made by Mrs H were authorised by her and that it had given the expected level of service. It said it did not consider there was sufficient information at the time to require further intervention. It said in addition, that Mrs H ought to have carried out her own checks and that basic online searching would have revealed the opportunity to be a scam.

Unhappy, Mrs H brought her concerns to our service to investigate. The investigator considered Monzo ought to have intervened from the second payment on 31 January 2022 and said it ought to have been aware of cryptocurrency scams at this stage, and that as Mrs H was sending money to a new payee, it ought to have called her to discuss further. He concluded that if it had, the scam would have been uncovered, and a warning would have put Mrs H off from making the payment and then the following one on 3 March 2022. He also concluded that Mrs H should bear some responsibility. He concluded Monzo should refund half of the payments plus interest.

Monzo was not happy with the investigator's findings and referred Mrs H's complaint to me, an ombudsman to look at again and consider. It said the landscape of cryptocurrency was vastly different in 2022 and considering what ifs were irrelevant and pointless, and nobody could possibly have known what would have happened if it had intervened.

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.

Firstly, I would like to address Monzo's comments about dealing with what ifs. The role of our service, when all the facts haven't been identified or are not known, is to consider on the

balance of probabilities, what more likely than not happened, based on what has been provided by the parties. This includes drawing findings and considering on occasion the counterfactual or as the representative put it, what if? There are times, when it is necessary in a complaint to make a finding on the balance, about what would more likely than not have happened, but for a mistake, so that a fair and reasonable outcome can be found. Like the investigator, I have used this approach, when I have looked at Mrs H's complaint afresh.

Having done so, I am upholding Mrs H's complaint for these reasons:

- The starting position in law is that Mrs H is responsible for the payments she made. And Monzo has a duty to make the payments she tells it to.
- But, as supported by the terms of the account, that doesn't preclude Monzo from making fraud checks before making a payment. And, considering regulatory expectations and good industry practice at the time these payments were made, I'm satisfied that it should fairly and reasonably do this in some circumstances.

Were Monzo aware that Mrs H's payments were to be used for cryptocurrency?

- Mrs H transferred the money from her Monzo account with the purpose of investing and converting her money into cryptocurrency, and so I have looked into whether Monzo would or ought to have known that this was the purpose of the three disputed payments he made.
- By early 2022, when the first of these payments were made by Mrs H, Monzo would have been aware of how cryptocurrency scams work, following warnings published by the Financial Conduct Authority and Action Fraud. And Monzo ought to have been on the lookout for payments such as these occurring, and ought to have been looking for unusual or uncharacteristic payments being made in this regard. I acknowledge the comments made by Monzo about the landscape changing for these sort of payments, but what I have just found still very much applied when Mrs H made the payments from her account, even if the level of scrutiny and awareness wasn't quite what it is now.

Should Monzo have done more when it recognised that Mrs H was at risk of financial harm from fraud?

- I agree that the first payment of £10 on 27 January 2022 wouldn't on its own, have appeared unusual or out of character, and I don't think Monzo ought reasonably to have intervened at that stage. However the position changes with the second payment that Mrs H made.
- When Mrs H made the second payment on 31 January 2022, the amount was significantly higher being £10,000. I think as this was a relatively new account, and to a new payee, and due to the size of the payment to a cryptocurrency platform, I think this transaction ought to have presented as unusual.
- Based on what I have just concluded, I am persuaded Monzo ought to have seen Mrs H was at risk of financial harm from the second payment, and it should have done more at this point, it should have, when Mrs H was making this payment, made further enquiries about what her intentions were and what it was for. It didn't do this and so I have gone on to consider what sort of warning it should have provided to Mrs H.

What kind of warning should Monzo have provided?

- I don't think Monzo did enough bearing in mind what I have already said. I think if it had made a human intervention and asked open and probing questions and found out more, Monzo ought to have then provided a tailored, warning. It could have provided details about how these scams work.
- If Monzo had asked open questions about what Mrs H was investing in and who she was sending the money to, it's more likely than not, the scam would have been identified.

Would a tailored warning have prevented the losses Mrs H suffered?

- Had Mrs H been warned by Monzo of the likelihood she was falling victim to a scam as I have described above, I'm persuaded she would've stopped her interactions with the scammers, from the second disputed payment onwards. Especially, at this stage, if Monzo had discussed the FCA warning with Mrs H and what was happening involving the people connected to the scam.
- Overall, I'm satisfied Monzo should fairly and reasonably have made further enquiries and provided a tailored scam warning before processing the second disputed payment made by Mrs H. If it had, it's more likely than not that the scam would have been exposed and Mrs H wouldn't have lost money from this point. In these circumstances, I'm satisfied it's fair to hold Monzo responsible for some of her losses.

Should Mrs H bear any responsibility for her losses?

- I've gone on to consider whether Mrs H should share some blame for her losses. The starting position for this is considering whether her actions fell below what I'd expect of a reasonable person.
- Here, Mrs H relied heavily on promotional material and the apparent professionalism of those behind the scheme.
- That said, she was making a fairly sizable investment, without checks into whether the people involved were known to regulators or any checks online with reviews or comments about them. The promised returns were high and should also have prompted caution, especially as the people involved were operating in a market that was unregulated.
- Taking all of this into account, I've decided to reduce the award I'm making by 50% for Mrs H's contributory negligence.

Putting things right

For the reasons I've explained, I uphold this complaint about Monzo – and I direct it to:

- Refund 50% of the payments made for payments 2 and 3. This I have calculated to be £8,680.
- Pay simple interest on the refund of 8%*, calculated from the date of the payment until the date of settlement.

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

My final decision

My final decision is that I uphold Mrs H's complaint and direct Monzo Bank Limited to put things right, by paying her £8,680 plus 8% simple interest, as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 24 February 2026.

Mark Richardson
Ombudsman