

## The complaint

Mrs C complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost after falling victim to a scam.

## What happened

Mrs C was following an individual on social media, who I'll refer to as P. P was a property investor who provided guidance to others who were interested in investing.

Mrs C says she couldn't afford to invest in property, so P recommended an equity fund investment. This investment was with a company I'll refer to as T. P said he'd invested over six figures and had received an average net return of 6% per month.

Mrs C watched a webinar and was added to an investor group on a messaging app. In December 2022, Mrs C made two payments as part of the investment. These payments were for £10,000 and £30,000. Mrs C was told to send the payments to an individual I'll refer to as A, who would purchase cryptocurrency for Mrs C and send it on to T as part of the investment.

In February 2023, Mrs C became aware that her investment with T had been converted into a "coin" which had no value. So, Mrs C raised a fraud claim with Monzo.

Monzo didn't refund Mrs C, so she brought a complaint to our service, through a professional representative. As part of Mrs C's complaint, she included a number of card payments made to cryptocurrency exchanges between April 2023 and September 2023.

An investigator looked into Mrs C's complaint but didn't recommend that Monzo refund her. The investigator wasn't satisfied that Mrs C had proven her investment with T was a scam, or that intervention by Monzo would've prevented the loss.

Following a further review, it was identified that the card payments Mrs C made, were related to a separate scam and those payments are now being dealt with under a separate complaint.

Mrs C didn't agree with the investigator's opinion regarding her investment with T. Mrs C raised the following points:

- There are multiple articles online which suggest T was a scam.
- If Monzo had intervened when the payments were made, they should've questioned why Mrs C was investing with T, a foreign investment platform that isn't subject to UK regulation.
- Her funds were converted into a fake asset with no value.

Mrs C also referred to another case our service dealt with, saying it had similar circumstances but a different outcome. Mrs C asked for an ombudsman to review her case.

## 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.

For clarification, in this decision I am only dealing with the two payments Mrs C made to A, as part of her investment with T. I'm not dealing with the card payments.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account 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.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position at law is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. It's not in dispute that Mrs C authorised these payments, although she did so not realising she was the victim of a scam.

### Why Mrs C's payments aren't covered by the CRM Code

Monzo have agreed to apply the provisions of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But, the CRM Code does not apply to private civil disputes, and defines what is considered an APP scam as, "*where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent*".

In order to decide whether the circumstances under which Mrs C made her payments meets the definition of an APP scam, I need to consider:

- The purpose of the payment and whether Mrs C thought this purpose was legitimate.
- The purpose T had in mind at the time of the payment and whether this was broadly in line with what Mrs C understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs C was making her payments as part of an investment with T, following a recommendation from P. I haven't seen anything that suggests Mrs C didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose T had in mind and whether it was in line with what Mrs C thought. In reaching an answer on what purpose T had in mind, the key information to this case is:

- T were registered with an overseas regulatory authority. They weren't registered with the FCA (in the UK) as they were based overseas. However, being registered with the appropriate regulatory authority suggests that they were operating legitimately at the time Mrs C made her payments.

- The coin that Mrs C's funds were converted into did well when initially launched, but then the price dropped. It's unclear why this happened. Based on what Mrs C has told she has the coin, but she is choosing not to withdraw it due to it having no value.
- While there are IOSCO warnings, these were posted in 2023, after Mrs C had made her investment payments. Also, this warning doesn't mean the investment was a scam.
- The evidence supports that the cryptocurrency Mrs C purchased through A, was sent onto T as agreed and an investment was set up. So, Mrs C's funds were used by T as agreed. It wasn't until later that the investment value was converted into coins, but this doesn't mean that Mrs C's weren't used for their intended purpose.

Taking all of these points into consideration as a whole, I'm not satisfied that Mrs C has proven that T obtained her funds with a different purpose in mind, or that her funds weren't used for the intended purpose by T. On that basis, I'm not satisfied that Mrs C's payments meet the definition of an APP scam and therefore they aren't covered by the CRM Code.

#### Is there any other reason that I could hold Monzo liable for Mrs C's loss?

Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Monzo to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Even if I was satisfied that Monzo should've intervened when Mrs C made these payments, I'm not persuaded that Mrs C's loss would've been prevented. I say this as Mrs C was recommended the investment by someone she had followed for a significant period of time and trusted – P. P told Mrs C that he had invested a significant sum of money and received the promised returns. Also, Mrs C watched a webinar about the investment, was told that the returns weren't guaranteed and there was risk involved - albeit low risk.

I realise that T wasn't regulated in the UK, but it was regulated with the relevant authority for the country it was based in.

So, if Monzo had asked the questions that I would've expected about the reason Mrs C was making the payments, I'm not satisfied that Monzo would've or should've been concerned that she was potentially at risk of financial harm from fraud. On that basis, I'm satisfied that Monzo acted reasonably in following Mrs C's payment instructions.

I'm really sorry to disappoint Mrs C, but I'm not satisfied that I can fairly hold Monzo liable for her loss or ask them to refund her.

#### **My final decision**

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 December 2025.

Lisa Lowe  
**Ombudsman**