

The complaint

Mr M complains that Monzo Bank Ltd (“Monzo”) won’t refund him the money he lost, after he fell victim to an investment scam.

Mr M has brought his complaint to this service with the assistance of a professional representative, but for ease of reading I will refer to Mr M throughout this decision.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won’t repeat it all in detail here. But in summary, I understand it to be as follows.

Mr M has explained that in or around November 2021 a friend introduced an investment opportunity to him, with a company I’ll refer to as ‘C’. Mr M invested in C between December 2021 and November 2022, making payments from an account he held with another banking provider, and things seem to be going well, with Mr M seeing returns on his investment.

In or around March 2023, the same friend introduced Mr M to another investment opportunity, with a company that I’ll refer to as ‘G’. Mr M has said his friend showed him returns he had made that amounted to several thousand pounds, that he’d been able to withdraw to his bank account.

The friend also showed Mr M records of how others were making money. Mr M has said that he carried out his own due diligence and didn’t find anything to concern him, and he saw evidence of other investors being able to make withdrawals.

Believing everything to be genuine, Mr M decided to proceed and between 6 March 2023 and 29 June 2023 he made multiple payments, totalling nearly £12,000, from his account with Monzo towards the investment with G. Our Investigator provided a detailed breakdown of these payments with their view, so I won’t repeat them all again here. The scam saw Mr M making payments to accounts he held with cryptocurrency platforms. He’s said that the money, once converted into cryptocurrency, was subsequently transferred into digital wallets that the fraudsters controlled.

Mr M has said he was initially able to withdraw money back into cryptocurrency. However, he didn’t then withdraw this back to his bank account, rather he reinvested as he’s said he had a 2-3 year plan. Mr M realised it was a scam when others, within a group chat of investors, began to express concerns. Mr M carried out further research and discovered G had false company registration and he was unable to withdraw his money.

Mr M raised the matter with Monzo, but it didn’t uphold his complaint. In summary, it said the payments had been sent to accounts in Mr M’s name, so it didn’t consider it was liable for his loss.

Unhappy with Monzo’s response, Mr M brought his complaint to this service. One of our Investigators looked into things but didn’t think the complaint should be upheld. In summary,

it was our Investigator's view that, based on the information known to Monzo at the time, the payments wouldn't have appeared as carrying a heightened risk of fraud. She added that, from the evidence Mr M had provided, while it was evident there had been some interactions with G, there was nothing to confirm the funds had been sent to G from Mr M's cryptocurrency accounts.

Mr M didn't agree with our Investigator's view. In summary, he said he believed the evidence provided did demonstrate transactions were deposited with G. Alongside this, he didn't agree that the payments he made didn't carry a heightened risk of financial harm.

As agreement couldn't be reached the complaint has been passed to me for 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.

I agree with our Investigator, that the evidence Mr M has provided doesn't verify that the money from accounts he held in his own name, was moved to the accounts the fraudsters controlled. What this means is that I haven't got any clear proof that the cryptocurrency payments Mr M made were in relation to G. Although, I would add that, there is some evidence to show that Mr M did have some interactions with G and some of these interactions are related to deposits, and from what I've read within Mr M's submissions, I'm persuaded he's been candid and credible throughout.

However, in the individual circumstances of this case, even if I did have unambiguous evidence that Mr M's funds had moved through to G, I don't think it would make a difference. I say that as, having thought about everything carefully, I don't think Monzo is responsible for refunding the money Mr M sadly lost. I'm sorry to hear that Mr M has been the victim of a cruel scam. I don't underestimate his strength of feeling, and I know this will come as a disappointment to him, so I'll explain why.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Here, it is not in dispute that Mr M authorised the payments in question, so that means he is liable for them, even though he was the victim of a scam.

Monzo has agreed to follow the principles of the Lending Standards Board's Contingent Reimbursement Model (CRM Code). Under certain circumstances, the CRM Code can require that firms reimburse customers who have fallen victim to scams. However, the CRM Code requires a customer to transfer funds to 'another person'. The payments Mr M made from his Monzo account went to an account in his own name – his cryptocurrency account, before being moved on. So, the payments aren't covered by or within the scope of the CRM Code. This is because Mr M wasn't paying 'another person'. This means the CRM Code isn't an applicable consideration in this case.

However, that is not the end of the story. The regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams.

So, in this case, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr M when it processed the payments, or whether it should have done more than it did.

I've reviewed the activity on Mr M's account statements, from which the payments were made, for the months leading up to the scam. This isn't always a straightforward matter, and Monzo has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud while not unnecessarily disrupting legitimate payments.

In the individual circumstances of this complaint, it is finely balanced as to whether the payments Mr M made would reasonably have alerted Monzo that he may have been at risk of financial harm. I say that as the payments made to G were spread over several weeks and, while I don't doubt they represented a significant amount of money to Mr M, I'm not persuaded the individual values of the payments made would have given Monzo any cause for concern.

Having said that, for the purpose of this decision I've also considered that it is arguable Monzo could have picked up on the frequency of the payments being made, in that, on occasions there were multiple payments on the same day. Alongside this, payments were identifiably being made to multiple different cryptocurrency platforms, which can sometimes, but of course not always, be indicative of fraud – and there is no evidence of Mr M using his Monzo account for cryptocurrency payments previously. And at the time these payments were made, scams involving cryptocurrency had become much more prevalent and firms, such as Monzo, were aware of the potential risks.

But this in and of itself, isn't enough for me to say that Monzo should refund Mr M the money he lost. Although it's arguable that Monzo could have done more than it did, I'd also need to be persuaded that any further proportionate intervention/questioning would have made a difference and prevented the payments from being made. Of course I can't know for sure what would have happened, so I have to base my findings on the balance of probabilities – that is, what I think is more likely than not to have happened, taking into account what I know.

A proportionate test in such circumstances would have been for Monzo to carry out some sort of intervention to establish the circumstances surrounding the payments, and to then provide a tailored warning based on any apparent risk that may present itself. So, had Monzo intervened, I would have expected it to have asked Mr M questions around the purpose of the payments. There's no evidence that Mr M had been coached to lie and so I think he'd have answered the questions honestly and said they were for the purposes of an investment which involved cryptocurrency.

With this, I think Monzo could have presented a tailored warning about cryptocurrency scams. So, I've considered whether such a warning would have made a difference, and I don't think it would have. I say that as I would have expected such a warning to have presented Mr M with the key features of this type of scam, such as but not limited to; being contacted out of the blue, the promise of unrealistically high returns; not being able to make withdrawals; downloading remote access software and being asked to lie to your bank about the purpose of the payment.

I'm not persuaded Mr M would have seen similarities in his own circumstances in such a warning. This is because Mr M has said he was introduced to G by a trusted friend. He's said he had seen evidence of his friend and other investors making successful withdrawals. Alongside this, Mr M himself has said he'd been able to withdraw some money back into cryptocurrency, but chose to reinvest, rather than to then withdraw back to his bank account. Alongside this, he hadn't been asked to download any remote access software. As well as this, Mr M has said before investing, he carried out his own research and didn't find anything

that gave him cause for concern. So, the investment didn't have the typical hallmarks of a scam.

I've also seen from the evidence that Mr M proceeded/intended to set up multiple accounts, for family members as he was keen for them to also benefit. I think this supports that Mr M was convinced of the legitimacy of what was being offered. Indeed, it seems apparent such was his belief, or hope, that this was genuine, that even after it became clear within the group chat, in around mid-June 2023, that things weren't as they seemed, Mr M still went ahead and made another payment in late June. I'm persuaded that such was Mr M's belief in the legitimacy of what was being offered that I don't think it's more likely than not that a tailored written warning would have made a difference to his decision to go ahead with the payments.

Overall, with all things considered and given the circumstances, I don't think Monzo can fairly be held responsible for Mr M's loss, and I don't think, in the individual circumstances of this case, the evidence supports that it would likely have been able to prevent Mr M from making these payments.

I've thought about whether there was any opportunity for Monzo to have recovered the money Mr M had lost once it was made aware of the scam. However, given the funds had been exchanged into cryptocurrency and then moved on to accounts controlled by the fraudsters, I don't think there was any opportunity or prospect of Monzo being able to recover any of the money.

I'm mindful that Mr M has said he was vulnerable at the time the payments were made. I recognise that Mr M has fallen victim to a scam and I'm sorry to hear of the difficult personal circumstances that he had been faced with. But I haven't seen anything to suggest that Monzo were made aware of any vulnerability factors or ought to have identified them, such that it should have known to take additional steps to protect Mr M.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Mr M. It's very unfortunate he has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, having carefully considered everything, I don't find Monzo could have reasonably prevented Mr M's loss here. Neither do I find there were any other failings on Monzo's part that would lead me to uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 December 2025.

Stephen Wise
Ombudsman