

The complaint

Mr H complains that Monzo Bank Ltd will not reimburse funds he lost to a scam.

Mr H is represented by a firm, but for ease I have only referred to Mr H in this decision.

What happened

The details of this complaint are well known to both parties so I won't repeat it all again here. In summary, between April and June 2024 Mr H made payments of approximately £7,278.34 towards what he thought was a genuine cryptocurrency investment.

Mr H was sent a message by someone who encouraged him to invest in cryptocurrency. As part of the scam, he made payments to a cryptocurrency exchange before sending the funds on to the scammer. He realised it had been a scam when he was asked to make a large commission payment before he could withdraw his funds. He raised the matter with Monzo but it didn't reimburse the money he lost. However, it paid him £20 because it said the fraud report was not dealt with within time limits set out in its service level agreement.

Mr H referred his complaint to our service and our Investigator thought it should be upheld. She thought Monzo ought to have intervened in the final payment Mr H made towards the scam. However she didn't think Mr H acted reasonably and thought he ought to bear equal responsibility for the loss. As such our Investigator thought Monzo should reimburse half the value of the final payment.

Monzo didn't accept our Investigator's opinion. It says:

- that by the final payment Mr H had established a pattern of behaviour that was indicative of the start of a legitimate investment journey.
- That it does not deem it unusual for customers to steadily increase the value of their transactions as their comfort levels grow.
- That making payments to cryptocurrency exchanges is not a sufficient signal for a Fraud Machine Learning Model to warrant an intervention in isolation.
- Monzo also says there is no guarantee it would have been able to uncover the scam.

Our Investigator considered its points but they didn't change her opinion. And as an 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.

It is common ground that Mr H authorised the payments. And in accordance with the Payment Services Regulations (2017) and the terms and conditions of the account, he is responsible for the loss. However, taking into consideration the relevant regulatory rules and guidance, codes of practice and good industry practice, Monzo should have looked at the wider circumstances surrounding the transaction before making the payment and taken

steps to keep its customer's accounts safe. Therefore, it ought to look out for payments which might indicate that its customer is at risk of financial harm due to fraud.

Scams involving cryptocurrency have increased over time. And I am satisfied that Monzo ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency and had appropriate systems for checking and providing warnings where necessary before it processed such payments. That being said, it does not mean that all payments for the purchase of cryptocurrency are fraudulent, there are many legitimate purchases made by customers daily, and I don't think because a payment was for this purpose is enough reason to warrant intervention, there are many factors Monzo ought to take into consideration.

I find the initial transactions were in keeping with Mr H's normal account activity in the months prior and I don't think the value of these payments were remarkable enough to raise suspicions and warrant Monzo's intervention.

However, on 10 June 2024 Mr H made the final payment of £4,198.73. The transaction was more than double the largest payment Mr H had made to the cryptocurrency exchange. And was significantly out of character when considering Mr H's typical account usage. Prior to the scam the account was used for relatively low value transactions, and the largest payment in the 12 months prior to the scam was £242.44. At the time of the scam related payments, Mr H would receive credits into the account and the funds were then deposited from the account to the cryptocurrency exchange shortly after, leaving the account depleted or with a minimal balance, which is a pattern of activity commonly found in scams.

I appreciate that a customer could increase the value of their transactions as their comfort level increase, however I think Monzo ought reasonably to have been aware that increasing payments over a short period of time, to the same beneficiary is also a common pattern found where a scam is involved. So taking into account the pattern of the transactions, that the payments were to a well-known cryptocurrency platform and the risk this posed, as well as the other factors I have already mentioned, I think Monzo ought reasonably to have been concerned that Mr H might be at an increased risk of financial harm from fraud and intervened in the payment he made on 10 June 2024.

Considering the information it had to hand I think it ought to have declined the payment, inquired about the purpose of the transaction and provided a warning tailored to the scam risk identified. In this case, knowing the payments were to a cryptocurrency exchange, I think the warning should have highlighted common features and risks of a cryptocurrency investment scam.

I find the scam Mr H fell victim to bore many similarities to common cryptocurrency investment scams at the time. For instance, Mr H had received unsolicited contact from someone introducing him to the investment. The scammers told him how much to invest and he was guided through the process by them. He was promised returns that were too good to be true, which Mr H would also acknowledge to the scammer. And he had not been able to make any withdrawals from the investment. So I think it's likely the warning would have resonated with him.

Furthermore, Mr H already had concerns about the legitimacy of the investment. During his conversations with the scammer he stated, "I hear about investment scams all the time low risk high returns...". And days prior to the final payment, Mr H showed further concern and complained that he has not seen much of a result. He also says "If it's too good to be true it usually is. I go from nothing to rich overnight". Therefore had Monzo provided a detailed warning, on balance, I think it is likely Mr H would have been positively impacted by such a warning and at the very least stopped to investigate the matter and conduct research into the

investment before proceeding.

Had he done so, I think it's likely he would have been concerned enough, not to make the payment. This is because, as Mr H found when he became suspicious of the scammer shortly after the final payment, there were already negative reviews relating to the investment company and warnings that it could be a scam. So on balance, I think it's likely the scam would have unravelled sooner. As such, I am satisfied that it would be fair to hold Monzo responsible for Mr H's loss from the final payment.

I have also considered whether Mr H acted negligently and should bear some responsibility for the loss incurred and I think he should. Mr H was contacted by a stranger via a messaging service and encouraged to invest. His conversations with the scammer show that he had some awareness of investment scams and had some early concerns. Although he was initially very resistant, the scammer put Mr H under significant pressure and I think this ought to have raised concern.

Mr H informed the scammer that he had been contacted by someone else mistakenly, he questioned them about this and recognised that it was an unlikely coincidence in such a short space of time. Yet he proceeded to invest under the scammer's guidance without questioning it further. The investment promised returns of three times and five times his initial deposit within a few days, I think this ought to have also raised some questions that the returns might be too good to be true. Had Mr H stopped to investigate his concerns, as he later did, it would have become known that the investment was a scam.

In light of the above, while I understand that there were aspects of the scam that would have appeared genuine, I do not find Mr H acted reasonably. So I think he ought to share equal responsibility for the loss he suffered from the payment of £4,198.73. Monzo should therefore refund 50% of this amount. It should also pay 8% interest per year on the total sum its refunding, from the date the payment was made until the date it is settled to compensate Mr H for the loss of use of his money during this period.

Mr H hired a professional representative to act on his behalf in bringing his complaint, but he had the option to raise the complaint himself, so I couldn't reasonably hold Monzo responsible for any fees he incurred in doing so. Additionally it is worth noting Mr H's primary dispute is with the scammers, and the majority of the impact he experienced was caused by their actions, not Monzo. That said, Monzo recognised that there was a delay in its handling of the matter when Mr H's representative reported the scam, its already paid him £20 in recognition of this and I think that's fair in the circumstances.

My final decision

For the reasons I have outlined, my final decision is that I uphold this complaint and require Monzo Bank Ltd to:

- pay 50% of the payment of £4,198.73 made on 10 June 2024, that is £2,099.36.
- Pay 8% simple interest per year on the refund, calculated from the date the payment was made to the date the settlement is paid.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 December 2025.

Oluwatobi Balogun
Ombudsman