

The complaint

Ms B is unhappy that Monzo Bank Ltd (“Monzo”), as the receiving bank, didn’t do enough to prevent the loss she suffered when she sent money to its customer’s account as the result of a scam.

What happened

In April 2025, Ms B came across a post on a social media marketplace for a camera. She contacted the seller and sent £115 from her account with another bank. However, she was unable to contact the seller again and the item was removed from the marketplace. When the item reappeared, she contacted the seller again who provided the same bank details she’d sent her money to. She then realised she’d been the victim of a scam.

Ms B reported the matter to her bank where she had sent the money from (subject of a separate complaint). She also raised a complaint against Monzo in its capacity as the bank that received her funds.

Monzo said it couldn’t consider the complaint due to data protection reasons, so Ms B brought her complaint to this service.

Our investigator did not uphold the complaint. He found that Monzo followed the correct account opening process and there was nothing to suggest it would later be used for fraudulent purposes. The investigator also explained there was nothing about the account activity that would have given Monzo cause for concern. He also explained there was nothing more Monzo could have done by the time Ms B reported the scam, as the money had already been removed from the account.

Ms B said Monzo provided her with the incorrect information and the account is still being used to defraud others in the same fashion. The item in question is still for sale on the social media marketplace with the same bank details. Ms B would like an apology or compensation for the time taken to contact Monzo and this service.

As the case could not be resolved informally it has been passed to me for 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.

Having done so, I’m not upholding this complaint. I appreciate the outcome will be disappointing for Ms B, and I’m genuinely sorry to hear about her outstanding loss, but I can’t fairly and reasonably ask Monzo to refund this. I’ll explain why.

As a regulated financial business Monzo has an overarching duty and obligation to ensure it has systems and processes in place to prevent financial fraud. If it can be fairly concluded that a failure in its regulatory and lawful obligations resulted in a loss to Ms B, it would not be unreasonable to ask Monzo to refund the loss it could have prevented.

Taking into account long-standing obligations and industry good practice receiving banks should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams.
- Have procedures to prevent, detect and respond to the receipt of funds from authorised push payment (APP) scam.
- Where the receiving firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

Monzo has shared information with this service in order to allow us to investigate Ms B's complaint. But I am limited in what I can share with Ms B. However, I can assure her that I have carefully reviewed all the information provided before issuing this decision.

I'm satisfied that Monzo carried out checks to verify the identity of the named account holder and did its due diligence when opening the beneficiary account. There wasn't anything at this time that I think reasonably could've alerted Monzo that the account it was opening might be used fraudulently. So I'm satisfied Monzo took reasonable steps to prevent the account being opened for criminal purposes and it didn't miss an opportunity to prevent Ms B's loss when opening the account.

I've also thought about whether Monzo ought reasonably to have had concerns about the way the beneficiary account was running. Monzo has said that the account was operating normally. It had received no notifications of fraud before Ms B's transaction was made on 29 April 2025.

I've reviewed the account statements since account opening and can see the operation was typical of what would be expected of an account of this nature. In my opinion, there was nothing obviously erratic nor concerning about the pattern of incoming payments or spending of those funds where I'd say Monzo ought to have blocked the account prior to Ms B's funds being spent.

I'm satisfied Monzo has taken the steps I'd expect a recipient bank/PSP to take upon receipt of notification of fraud, which is to carry out its own investigation into the allegation and make a decision about whether it allows the account to remain open, provides notice for closure or closes the account without notice. Monzo was notified by Ms B's bank on 7 May 2025. Monzo took action and contacted its customer straightaway. In any event, by this point the funds had long since been removed on the same day Ms B made the payment. So, it couldn't return her money. It simply wasn't there to be passed back to her.

So, I'm satisfied that there wasn't much more that Monzo could reasonably have done to assist in the recovery of Ms B's funds from the account.

Monzo did otherwise respond to and investigate Ms B's scam claim and subsequent complaint. I appreciate it didn't share much detail with her in the final response letter, but it explained why that was and provided referral rights to this service. From its submissions, I can see it did carry out an investigation and took appropriate course of action at the time.

I am sorry to have to deliver this news to Ms B. I know this wasn't the answer she was hoping for. But my role as a Financial Ombudsman is limited to determining whether Monzo bears any responsibility for Ms B's remaining financial loss. I haven't found that it has. It follows I can't say the bank ought reasonably to be held liable for Ms B's outstanding loss.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 December 2025.

Kathryn Milne
Ombudsman