

The complaint

Mr C is being represented by a claims manager. He's complaining about Monzo Bank Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr C fell victim to a cruel investment scam. Someone he met introduced him to an online chat group and after being told he'd be able to double his money, he made the following transfers from his Monzo account in November 2023:

No.	Date	Amount £
1	20 November	70
2	20 November	3,300
3	21 November	1,150
4	21 November	250
5	21 November	125
6	21 November	200
7	21 November	110
8	22 November	265
9	22 November	115
10	22 November	285

The payments went to a cryptocurrency account, from where the currency purchased was transferred to the scammers.

Our investigator didn't recommend the complaint be upheld. Mr C didn't agree and his representative made the following key points:

- Mr C doesn't recall seeing any warnings before confirming the payments and Monzo hasn't been able to evidence any were shown.
- Payments to cryptocurrency carried an elevated fraud risk. While Mr C had purchased cryptocurrency previously, the amounts involved in the scam were higher.
- A pattern of multiple, rapid and escalating payments to cryptocurrency is consistent with many types of scam.
- The Financial Conduct Authority's (FCA) Consumer Duty requires a business to act to prevent foreseeable harm to its customers.
- An appropriate warning from Monzo would have uncovered the scam and prevented further losses.
- While Monzo wasn't a signatory to the Contingent Reimbursement Model (CRM) Code, we routinely apply its terms to determine fair outcomes.

- Monzo failed to make adequate attempts to recover Mr C's money.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr C authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, *'authorised'* essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr C.

The payments

I must take into account that many similar payment instructions Monzo receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly. This notwithstanding, it knew the payments were going to cryptocurrency. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Monzo should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what Monzo knew about the payments at the time, I'm not persuaded it ought to have been concerned. While there were multiple payments in quick succession they weren't escalating as Mr C's representative seems to be suggesting and most of them were actually low in value. Payment 2 was for a higher amount but I don't think it was something that should have led Monzo to suspect he may be at risk of harm from fraud. In saying this, I'm conscious Mr C had made multiple, albeit smaller, payments to another cryptocurrency exchange in the month prior to those associated with the scam and no concerns about these

had been raised. So these payments weren't substantially out of character with his previous account activity.

Based on the circumstances of this case, I don't think there were sufficient grounds for Monzo to think Mr C was at risk of financial harm from fraud when he made these payments, so I can't reasonably say it was at fault for processing them in line with his instructions.

I want to be clear that it's not my intention to suggest Mr C is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Monzo and, having done so, I'm not persuaded these were the cause of his losses.

I note Mr C's representative has referred to the CRM Code. But setting aside the fact that Monzo wasn't a signatory to the code, it's not relevant to the outcome of this case as it appears he initially transferred money to an account in his own name.

I've also noted the comments of Mr C's representative about the FCA's Consumer Duty and I've taken account of Monzo's obligations following its introduction, but I don't think this changes the outcome here. While Monzo was expected to avoid causing him foreseeable harm, I'm not persuaded its actions (or failure to act) were the cause of the harm he suffered, and nor do I think that harm was reasonably foreseeable given the information that it had available at the time.

Recovery of funds

I've also looked at whether Monzo could or should have done more to try and recover Mr C's losses once it was aware the payments were the result of fraud.

I understand Mr C first told Monzo about the scam several days after the last payment. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and it's not a surprise that efforts to get his money back weren't successful after this period of time.

In any event, it appears Mr C transferred funds to a legitimate cryptocurrency account in his own name, from where the currency purchased was transferred to a wallet address of his choosing (albeit on the scammers' instructions). Monzo could only try to recover money from his own account and it seems the money had already been moved on. If not, anything that was left would still have been available for him to access.

In the circumstances, I don't think anything Monzo could have done differently would likely have led to these payments being recovered successfully.

In conclusion

I recognise Mr C has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Monzo acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

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 Mr C to accept or

reject my decision before 12 November 2025.

James Biles
Ombudsman