

The complaint

Mr C has complained about Monzo Bank Ltd not refunding several payments he says he made and lost to an authorised push payment (APP) investment scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr C fell victim to an investment scam after receiving contact unexpectedly via a messenger app. He started communicating with the scammer who subsequently informed him of an investment opportunity. After building rapport with the scammer, he made multiple deposits between April and July 2024, via legitimate cryptocurrency exchanges, to the scam. Mr C completed no due diligence at the time. However, he subsequently ascertained it was a scam and raised the issue with Monzo. In total, Mr C lost around £81,000 to the fake investment.

Monzo did not refund Mr C for the losses from the scam. However, it did accept a service failing occurred and awarded him £50. Unhappy with the overall outcome reached Mr C referred the complaint to our service to investigate.

Our Investigator didn't uphold the complaint as, although he agreed Mr C had lost his money because of a scam, he didn't think that Monzo would have been able to uncover and therefore prevent the loss. He found that where interventions did occur Mr C was not entirely open and forthcoming with Monzo – failing to share the necessary details for it to have identified the scam. Our Investigator also thought the £50 offered was reasonable.

Mr C disagreed, maintaining that Monzo should have done more to prevent him making the payments and requested a decision. As our Investigator couldn't resolve the matter informally the case 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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr C has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean he is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Mr C for his loss (or a proportion of it) if: I thought Monzo reasonably ought to have prevented all (or some of) the payments Mr C made, or Monzo hindered the

recovery of the payments Mr C made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Monzo treated Mr C fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr C's complaint. I know this will come as a disappointment to him and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr C made the payments himself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr C did not intend for his money to ultimately go to a scammer – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the 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 - Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the transactions should have highlighted to Monzo that Mr C might be at a heightened risk of financial harm due to fraud or a scam.

I agree with our Investigator that an intervention should have occurred when Mr C was attempting to complete the £3,000 payment on 22 April 2024. This payment was identifiably going to a cryptocurrency provider and without a history of similar payments it ought to have triggered an intervention. Monzo should have asked Mr C automated questions and given a warning tailored to the specific scam he could have been falling victim to. However, I'm not persuaded a written warning would have prevented Mr C from proceeding in this instance. I say this because when a human intervention did occur on 17 May 2024, Mr C was not open or forthcoming with the full details as to what was taking place. It seems Mr C held a lot of belief in the scammer, as is also evidenced by him not considering it necessary to complete due diligence to confirm what the scammer informed him about themselves, or the investment.

I think it was reasonable for Monzo to intervene with a human intervention before allowing further payments to be made. Mr C informed it:

- He had not downloaded any software.
- He was going to buy some Bitcoin on a long-term investment.
- That he had completed research – including highlighting his consideration of the amount he could earn through deposited funds with the bank and how this wasn't particularly profitable.

In response, Monzo highlighted:

- A lot of scams are happening, especially in relation to cryptocurrency investments. Mr C confirmed he awareness of such scams.
- Scammers will befriend people and coach them into making the investments.
- Scammers will tell customers to share misleading, or false information with their banks because the payments may not be successful if they did.
- Offer guaranteed returns based upon statistical data.
- You can be approached online by people who appear to be legitimate investors, advisers or even coaches - but they are usually impersonating legitimate investment companies.
- They'll also supply fake screenshots of earnings, but those too are usually fake inflated earnings.
- It said it would share some general investment scam warnings to him via the chat – which it did.

It seems that some of this did resonate with Mr C as he decided not to proceed at this point. This is very likely due to the many similarities between what Monzo highlighted and his own circumstances. The scammer had spent a great deal of time building rapport with him and then coaching him by offering him the story of why he was sending money to cryptocurrency – which he then repeated to Monzo. However he subsequently, no doubt because of the scammer, chose to continue making payments.

Considering the scam chat records, Mr C did appear to be under the influence of the scammer very early in the scam. The scammer was encouraging Mr C to put trust in them – confirming they won't allow him to lose money by following their guidance as they invest cautiously and haven't lost money in over three years of trading. Alongside this they had clearly built a strong friendship, exchanging pictures of themselves, general pictures and having daily friendly conversations – whilst the scammer used the opportunity to highlight her own investment profits and that she was willing to teach Mr C. Subsequently persuading him, without pressuring him, to complete a small purchase for USDT via what looks to have been via a peer-to-peer bank transfer on 3 April 2024. The scammer also informed him not to inform his bank that it is for an investment or it may reject it – to which Mr C didn't question as unusual and instead proceeded with the transfer.

Therefore, with all of this in mind I am not persuaded a written warning would have deterred him from proceeding. Ultimately, Mr C believed he was following the advice of someone that not only had access to professional advice, but arguably a close friend. I'm similarly not persuaded any subsequent intervention would have been successful as I've seen no evidence of the scammer's influence over him starting to wane. Mr C continued in the belief that the scammer was helping him.

Service failing

I've noted that Monzo's advisor did not take the correct action after Mr C sent additional information. Rather than escalating the chat, as it should have done, the advisor inadvertently failed to do so. Therefore, the team did not receive the additional information and when Mr C contacted them again. Further confusion came from this, with Mr C informed

that Monzo had further questions for him when it did not. This no doubt caused Mr C additional distress and inconvenience. Although this information did not change the claim outcome, Monzo should have still ensured it followed its correct process. Therefore, I do think it taking the opportunity to compensate Mr C with £50 and an apology was fair of it – for any additional impact, including delays, this may have had. I will not be awarding anything additional when I consider it has already taken a reasonable action to rectify this service failing. I've noted this award has been credited to Mr C's Monzo account.

I've noted that Mr C has highlighted some decisions he believes are similar to his circumstances. However, we consider each complaint on its own merits and although they may seem similar there are key differences.

I'm very sorry to disappoint Mr C as I do not doubt he has lost funds due to a cruel scam. However, I do not think Monzo could have prevented his loss and so it would not be reasonable for me to say it has to compensate him for his losses.

The Contingent Reimbursement Model Code

Although Monzo is not a signatory of the Contingent Reimbursement Model Code, it has committed to apply it. However, the payments Mr C made from his account aren't covered by the Code. This is because he made the payments from his Monzo account to others in his name and not to another person. I cannot fairly and reasonably say that Monzo should have to refund payments under the Code when it doesn't apply here.

Recovery

Monzo would only have been able to attempt to recover the funds from where Mr C initially sent them, the cryptocurrency exchanges and not the scammer. Ultimately, had Mr C not transferred the funds to the scammer they would still be within his control to access when he wanted.

Similarly, any peer-to-peer purchases for cryptocurrency would also not be recoverable - as ultimately the cryptocurrency in exchange for the funds appears to have been received, before Mr C then sent it to the scammer.

Consequently, in light of all of the above findings, there's no fair and reasonable basis under which I can ask Monzo to reimburse Mr C's loss.

My final decision

My final decision is I do not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 31 December 2025.

Lawrence Keath
Ombudsman