

The complaint

Mr P has complained Monzo Bank Limited won't refund several payments he says he made and lost to a 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 P fell victim to an investment scam after engaging with a message from someone he believed to be an online influencer he followed. However, the account had been hacked and the cryptocurrency mining investment opportunity was a scam.

Between March and April 2024 Mr P transferred over £23,000, via a cryptocurrency exchange, to the scammer. Mr P subsequently realised he had been scammed when he asked to withdraw the accrued balance on his account and was unable to do so. The website and social media channel also subsequently disappeared too.

Monzo didn't reimburse Mr P's lost funds and so he referred his complaint to us. Our Investigator looked into things but didn't recommend the complaint be upheld. They weren't persuaded, on balance, that Monzo could have prevented Mr P from falling victim to the scam. 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 P 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 Mr P is automatically entitled to recompense by Monzo. It would only be fair for me to tell Monzo to reimburse Mr P for his loss (or a proportion of it) if: I thought Monzo reasonably ought to have prevented all (or some of) the payments Mr P made, or Monzo hindered the recovery of the payments Mr P 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 P 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 P's complaint. I

know this will come as a disappointment to Mr P and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr P made the payments himself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSRs 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr P did not intend for his money to ultimately go to fraudsters, 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 made 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 P might be at a heightened risk of financial harm due to fraud or a scam.

Monzo should have identified when Mr P's payments were going to a cryptocurrency exchange as the merchant is well-known. However, that doesn't mean they should automatically be treated as suspicious; particularly when there are no other concerning factors about the payments. Many banks have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges. Albeit investing in cryptocurrency is a highly risky endeavour, it is ultimately a legitimate one and so certain banks and Electronic Money Institutions (EMIs) do permit transfers to cryptocurrency exchanges.

Considering Mr P's payments in the context of whether they were unusual or uncharacteristic of how he normally used his account, I think Monzo ought to have intervened during payment one. This was a significantly high payment to a cryptocurrency exchange, which was out of character for Mr P. Monzo should have asked a series of questions to try to understand more about the payment and then given a tailored warning narrowed down to the specific type of scam Mr P could've been falling victim to. This type of scam was well-known and so Monzo should have been monitoring Mr P's account for such a risk. So, I've thought carefully about whether such a warning would have likely prevented any further loss in this case, but I'm not persuaded it would have.

I say this because, although there were some key hallmarks common to cryptocurrency investment scams present in the circumstances of Mr P's payments, the social media

account that messaged him was one he trusted as he was already following it. He believed this was how the influencer was funding their travels (as per their posts). Additionally, unlike many investment scams Mr P had been supplied with documentation and a contract – which no doubt added another level of legitimacy to the investment. Alongside this, he had completed his own research which did not yield any negative results.

Therefore, although I do not doubt Mr P would have been honest in his responses to any questions asked, I am not persuaded that the tailored cryptocurrency investment scam warning would have resonated with him. Ultimately, I think it more likely than not he would have considered the influencer posting his travels and this investment opportunity funding it as something he could trust. And so, in this scam, I do not think a tailored warning would have stopped him proceeding.

I also don't think any further similar interventions would have prevented Mr P's losses from occurring. I say this because I've not seen any evidence that Mr P's behaviour had changed, or that anything had occurred to show the influence the scammer had over him was waning, as the scam progressed.

I've noted Mr P has referenced decisions that he believes are close to his circumstances. However, we consider each case on its own individual merits and although he believes the circumstances of other decisions seem to be similar, there are key differences.

Whilst Mr P has undoubtedly been the victim of a cruel scam, I can only uphold his complaint if I'm satisfied Monzo's failing to intervene earlier made a material difference to what happened. Ultimately, for the reasons given, I'm not persuaded it did.

Recovery

I have gone on to consider whether Monzo took reasonable steps to try and recover the funds. It's important to note Mr P didn't instruct Monzo to send the money directly to the scammers. He completed the transfers to his own account. All the funds were then sent on to a wallet address provided by the scammer. Monzo would only ever have been able to attempt to recover the funds from his own account. If these funds had not already been transferred to the scammer, they would be in Mr P's control to access as and when he chose. Therefore, I won't be asking Monzo to do anything further.

The Contingent Reimbursement Model Code

Although Monzo applies the CRM Code as if it were a signatory of it, the payments Mr P made from his Monzo account aren't covered by the Code because he made the payments from his Monzo account to his other account 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.

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

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 May 2026.

Lawrence Keath
Ombudsman