

## The complaint

Mr B complains that Monzo Bank Ltd (“Monzo”) won’t refund money he lost to an investment scam.

Mr B is being represented by solicitors in this complaint. For simplicity, my reference to Mr B in this decision also includes submissions made by his representative.

## What happened

Between November 2020 and February 2023, Mr B made 66 payments totalling just under £90,000 from his Monzo account. These were made in connection with an investment opportunity with a company “H” which he says he came across on a social media platform while looking to invest.

Mr B says he did his own due diligence to verify the legitimacy of the investment scheme, although it’s unclear from his submission what these checks were. He’s forwarded documentation he says he received from H which shows its collaboration with different governments, universities, and other legitimate businesses. Mr B says that throughout the investment period, he attended weekly presentations and meetings organised by H and often other investors shared their positive experiences with the company.

To deposit funds into the scheme, Mr B purchased cryptocurrency from a cryptocurrency provider by sending payments from his Monzo account. The cryptocurrency was then deposited into his account with H. For a period of three months in 2021, Mr B made deposits by sending money to a relative’s bank account, who purchased cryptocurrency from a cryptocurrency provider before transferring it to Mr B’s wallet for onward deposit into his account with H. He says this was because there were some issues with his cryptocurrency wallet.

All but two of the disputed payments were electronic transfers – the other two were card payments. I haven’t listed the payments in this decision as the investigator previously set them out in a table which they shared with their assessment.

Mr B says he was unable to make any withdrawals out of the investment scheme and realised something had gone wrong when, in early 2024, H’s founder was charged with conspiracy to commit fraud.

Monzo refused to refund Mr B as it didn’t believe it had done anything wrong. Unhappy with this, Mr B referred the matter to this office.

Our investigator concluded that by the time Mr B authorised payment 38, due to the increased amount involved, Monzo should have taken additional steps. If it had, the investigator was satisfied on balance that a discussion with the bank would have led to Mr B undertaking further checks – including checking regulator warnings – which would have uncovered the scam. As they considered Mr B should also share responsibility for what happened, the investigator recommended Monzo to refund 50% of payments 38-66 along

with interest. In their view, the investigator asked Monzo to refund from payment 37 onwards. This is a typographical error as they meant from payment 38 onwards.

Mr B accepted the investigator's conclusions, but Monzo didn't, and it asked for an ombudsman's review. It said it didn't accept that an intervention was warranted in the circumstances of this case.

I issued my provisional decision earlier this month and gave reasons for why I didn't intend upholding Mr B's complaint. I said:

*"At the outset, I have some questions about the information Mr B has provided to evidence he lost money to H. He's provided statements for his cryptocurrency wallet which shows that the money he sent directly to cryptocurrency providers from his Monzo account was converted into cryptocurrency. I can also see attempts have been made to evidence that that cryptocurrency was then transferred out to external cryptocurrency wallets. But I haven't seen anything that links these external cryptocurrency wallets to H. For instance, I can't see H giving specific payment instructions to Mr B. What's been provided simply shows that Mr B made payments to his cryptocurrency wallet and transferred it to an external wallet.*

*The investigator asked to see communication between Mr B and H, such as messages exchanged between them, but this hasn't been provided. We have been forwarded several emails from H confirming purchase of loyalty rewards. The dates on these emails appear to correlate with the dates of Mr B's payments from his Monzo account. That said, the emails – which were sent to the same email address – are addressed to different members or users. Reviewing the emails, I've identified at least 30 unique members or users. Also, the reference details entered by Mr B for the payments he made from his Monzo account suggest each payment relates to a specific user or member. This calls into question whether the payments Mr B made from his Monzo account relate solely to his own investment in H.*

*But for the reasons I'll go on to explain, I don't need to explore the above concerns further.*

*In broad terms, the starting position at law is that a bank such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. Here it's not in dispute that the payments were authorised, so the starting position is that Monzo isn't liable for the transactions.*

*There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the payment before processing it.*

*The investigator didn't think payments 1-37 ought to have given Monzo cause for concern, given they didn't appear out of character for the general account spending on Mr B's account. It seems that Mr B agrees, given he hasn't disputed the investigator's findings on this point. For the sake of completeness, I too consider that these payments didn't warrant further intervention.*

*The investigator thought payment 38, which was for £7,000, was significantly higher than previous account activity and Monzo should have made enquiries. But this is where my findings differ. I acknowledge the point that the value of this payment was*

*nearly two and a half times the value of the next largest payment in the year preceding it. But in and of itself, this factor isn't enough to fairly conclude that Monzo should have intervened. Mr B's account activity shows previous history of multiple payments being made on the same day. So, while the individual amount of the disputed payment appears significantly higher than other individual amounts, this is not necessarily the case when cumulative daily spending is factored in.*

*It is also important to note that payment 38 went to Mr B's relative, not to a cryptocurrency provider. And by that point, Mr B had made several payments to them – some of which haven't been included in the list of scam-related payments. So, the account had become an established payee. Given what Monzo knew or ought to have known about the payment's destination, including the confirmation of payee check, which was successful, I don't consider payment 38 – or for that matter any other scam related payment to that payee – was so unusual such that the bank ought to have paused it pending further enquiries. As such, I'm not persuaded that Monzo acted unfairly in processing payments to Mr B's relative.*

*I've then considered whether Monzo ought to have taken additional steps when subsequent payments were made. I can see Mr B made two card payments to a cryptocurrency exchange. While Monzo ought to have known these payments were identifiably cryptocurrency related, I have to bear in mind that these transactions took place in 2021. While cryptocurrency scams were prevalent then too, the fraudulent practices seen in more recent times hadn't peaked. When deciding whether Monzo acted unfairly, the test I must apply is based on what good industry practice would have looked like back then. And having done that, I don't consider an intervention was warranted when these payments were made. There's a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments.*

*Mr B did go back to making transfers to a different cryptocurrency provider. But Monzo couldn't have known that just from the account details. And while I accept there were at least two payments which were higher than payment 38, these were made a year apart. And by then, the previous payments had formed part of the account spending. As such, I don't think Monzo should have made enquiries before processing them. Overall, what this means is that I don't consider Monzo acted unfairly in following Mr B's authorised instructions and processing the disputed payments.*

*Thinking next about recovery, Mr B purchased cryptocurrency legitimately from cryptocurrency and we know it was transferred out. In the circumstances, it's unlikely recovery would have been successful given the beneficiary of Mr B's funds provided the service requested (i.e., provision of cryptocurrency in exchange for fiat money). So, I don't think there was anything more Monzo could or should have done to recover Mr B's money."*

I invited further submissions from both parties before finalising my decision.

Monzo hasn't replied and the deadline I gave has now passed. I've therefore assumed that it has nothing further for me to consider.

Mr B replied and said he believed there have been fundamental misunderstandings which have led to a different outcome. I've summarised his response as follows:

- Mr B's correspondence with H was primarily through Zoom calls and training

sessions, and he accessed the deposit address directly from the platform which can no longer be accessed. Although evidence of instructions can't be provided, the cryptocurrency deposits match the deposit confirmation emails he received.

- H relied on a hierarchical structure, and users were able to make multiple accounts to achieve advancement and promotions. The several users I highlighted were all usernames used by Mr B for this purpose.
- Mr B has previously provided information regarding the due diligence that was carried out. Evidence of reviews seen were also previously provided. As such, it is submitted that Mr B took all the precautions that could reasonably have been expected.
- My statement that for a period Mr B made deposits by sending money to a relative's bank account is incorrect. The submission that has been made is that the funds were sent directly to the relative's cryptocurrency account – evidence of loss from this cryptocurrency account has also been provided. As such, Monzo should have known the payee for payment 38 was a cryptocurrency exchange. This is regardless of when the payment took place.
- Had Monzo intervened, Mr B would have been honest about what he was doing. The discussion would have led to the bank determining that this was a scam.

### **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 thank Mr B for his comments in response to my provisional decision. Having carefully considered the points made, I've haven't been persuaded to depart from my provisional findings. I'll explain why.

I appreciate Mr B's explanation for how he accessed deposit instructions and why several users or members were involved. But, as previously mentioned, these weren't the primary factors for my reasons not to uphold this complaint.

I also wish to make it clear that I did consider the submissions that were made to evidence the research that was carried out into H. In fact, I acknowledged this information in the background to my decision where I wrote that Mr B had said he'd received documentation from H which shows its collaboration with different governments, universities, and other legitimate businesses. I also wrote that Mr B says that throughout the investment period, he attended weekly presentations and meetings organised by H and often other investors shared their positive experiences with the company.

My comment about the clarity (or lack thereof) of the due diligence Mr B carried out was in the context of independent research. Other than reviewing the documentation that he was sent by H – this includes other customer reviews – Mr B doesn't appear to have undertaken any independent research into the legitimacy of the investment scheme.

Notwithstanding the above points, my finding that Monzo didn't need to intervene when the payments were made remains unchanged. Mr B believes I made an incorrect statement about the nature of the relative's account that he sent payments to. I'd like to reassure him that there's been no misunderstanding on this point. While he says that he sent the payments to his relative's cryptocurrency account or wallet, the evidence Monzo has provided shows that the payments went to a GBP account in that individual's name. This

account is held with a bank. Furthermore, the evidence shows that a Confirmation of Payee check was carried out and these times and the result was a match.

This is in stark contrast to earlier payments Mr B made to his cryptocurrency wallet, where the technical evidence shows that a Confirmation of Payee check was not possible because it wasn't supported by the exchange's account provider. As a more general point, it's worth noting that cryptocurrency exchanges usually stipulate that for making deposits the name on the funding fiat account should match the name on the cryptocurrency wallet.

So, I remain satisfied that Monzo couldn't have known that these payments – including payment 38 which Mr B submits should have prompted further enquiries from Monzo – were linked to cryptocurrency. As I mentioned in my provisional decision, the payee in this case was Mr B's relative and someone he'd previously made payments to which haven't been disputed. Considering the overall factors surrounding this payment, I remain of the view that other than the individual payment amount there wasn't anything unusual about it. I've already explained why the individual amount in and of itself isn't that concerning in the circumstances of what happened here. Mr B hasn't provided anything further on this point for me to consider. Likewise, no further arguments have been put forward for why Monzo should have intervened during subsequent payments. Therefore, I'm not persuaded that Monzo acted unfairly in processing any of the disputed payments.

I realise that this outcome will come as a significant disappointment to Mr B. Not least because this complaint has been ongoing for some time and our investigator previously upheld it. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Monzo liable for his loss.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 November 2025.

Gagandeep Singh  
**Ombudsman**