

The complaint

Ms D complains that Monzo Bank Ltd (Monzo) declined to reimburse money that she paid after falling victim to an investment scam that began in April 2022.

I was sorry to hear of Ms D's experience and that she has needed to contact us under these circumstances.

What happened

In early 2022 Ms D was introduced to a third party investment company that we'll call Y, by a partner of a friend as a way to invest.

After taking several steps to reassure herself that the company and investment opportunity was legitimate, Ms D decided to contact the Y broker.

She opened a new account with Monzo in April 2022 and began to make payments from her Monzo account into wallets in her own name held with third party cryptocurrency exchanges. From there she transferred cryptocurrency to Y.

Initially, Ms D made profits on her investment, which reassured her of the legitimacy of the investment and she decided to allow her investment to grow.

In October 2022, Y suddenly announced that it was stopping withdrawals and Ms D was unable to access her funds. It was at this point that Ms D suspected she had been the victim of a scam.

Ms D complained to Monzo on 23 January 2025, as she felt that Monzo had failed to provide her with a sufficient warning that she might fall victim to a scam, due to the payments she was making being out of character and to purchase cryptocurrency. She requested a full reimbursement of the payments she had made, totalling £9851.

In their reply to her complaint dated 29 January 2025, Monzo did not uphold Ms D's complaint. They explained that as Ms D made her first transactions on the day she opened her account with them, on 5 April 2022, it was impossible for Monzo to have identified these transactions as being out of character.

They also said that they provided automatic warnings for all faster payment transactions, which they believed Ms D had seen, and that they considered the transactions to be genuine, as the payments were being sent to her own account.

Ms D was unhappy with Monzo's response to her complaint and so she contacted our service.

Our first investigator considered information from Ms D and Monzo. They concluded that Monzo should have provided a written warning to Ms D that she was potentially at risk of harm following the payment she made on 14 April 2022. However, they said that warning was unlikely to have stopped Ms D making the payment.

Ms D disagreed with the investigator's view and said that Monzo should have provided a human intervention, following earlier transactions, which she thinks would have been effective at preventing her loss.

A second investigator then reviewed the case, due to an unforeseen absence of the original investigator, and considered Ms D's complaint again. They reviewed information from both

Ms D and Monzo. They sent an initial view which concluded they had seen insufficient evidence to show Ms D had been the victim of a scam.

Ms D disagreed with the investigator's view and provided further information to demonstrate that she had lost money to a scam, which our investigator considered. They issued a second view which concluded that Monzo had acted fairly.

Ms D disagreed with the investigator's second view. She explained that despite her Monzo account being newly opened and the disputed transactions being consistent with her stated purpose for opening the account, the heightened risk associated with cryptocurrency transactions meant that Monzo should have intervened. She also explained that her escalating payments, in particular the payment for over £6000, should have triggered direct human intervention. Ms D asked for an Ombudsman to consider the complaint.

As such this case has come to me to make 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've decided not to uphold Ms D's complaint.

I understand falling victim to a scam or fraud of any kind is a distressing experience and I have taken into consideration Ms D's explanations and evidence around what happened and the significant negative impact these events have had on her and her family, particularly as the loss she has suffered was a large proportion of her savings and that this experience has had a severe impact on her trust in others. I am sorry Ms D needed to contact us in these circumstances.

In broad terms, the starting position at law is that a banking institution such as Monzo are 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.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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. This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- 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;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;

Having reviewed all the evidence presented to me for this case, I have seen that both parties agree that Ms D authorised these payments.

As Ms D began to make these transactions on the same day as she opened her Monzo account, there was no opportunity for Monzo to establish what her normal account usage was.

Ms D has told us that she feels Monzo should have been suspicious of these transactions and provided her with a warning, even in the absence of an account spending history, because of the heightened risk associated with cryptocurrency transactions and due to the high value of these transactions.

The relevant transactions are:

Date	Payment amount
5 April 2022	£1
5 April 2022	£1
7 April 2022	£9998
9 April 2022	-£9998 (Payment returned)
9 April 2022	£1
9 April 2022	£498
11 April 2022	£2500
14 April 2022	£6850

Having considered the transactions Ms D made, and taking into account these were payments on a newly opened account for cryptocurrency, I consider that Monzo should have been alerted to the potential that Ms D may be at risk of harm when she made the payment of £9998 on 7 April 2022.

Although I acknowledge Monzo could not compare this transaction to a detailed history of Ms D's normal account usage, it is a high value payment of just under £10,000, which may indicate an attempt to avoid triggering a financial institutions fraud detection systems. I think this should have raised Monzo's suspicions that Ms D might be at risk of harm.

I acknowledge this transaction didn't lead to a loss for Ms D, as the funds were returned from the cryptocurrency exchange for an unknown reason. However, this was an opportunity for Monzo to have alerted Ms D to the risk.

Ms D then went on to make further payments from her Monzo account to a different cryptocurrency exchange and made payments on 9 April for £1 and £498, then on 11 April she sent £2500 and on 14 April she transferred £6850.

Given the increasing value of these payments, within a few days, I think Monzo should have been alerted to the potential risk to Ms D when she made the payment for £6850.

Monzo has provided evidence to show it provided Ms D with automated warnings when she first set up payments to both new payees, which asked 'Could this be someone trying to scam you?' alongside four other prompts. However, these warnings were generic and not specific to the type of transactions Ms D was making.

Given the above, I consider Monzo should have provided a human intervention and contacted Ms D to alert her to the potential that she might be falling victim to a scam on 7 and 14 April 2022.

I've considered whether a human intervention from Monzo is likely to have prevented her loss. As part of a linked case that I have also considered, I have seen Ms D also transferred money to cryptocurrency exchanges from another of her accounts with a different bank that I'll refer to as B.

B did alert Ms D that she may be falling victim to a scam in both February and March 2022. I have listened to the calls B made to Ms D on those occasions and have heard that Ms D gave reassurances that she was satisfied the payments were genuine and that she was not falling victim to a scam. She also provided B with some misleading answers to their questions and B provided scam warnings to Ms D. Despite B's interventions, Ms D confirmed that she wanted to proceed with the payments and confirmed she was aware of the risks involved.

I've also considered Ms D's account of the steps she took to reassure herself of the legitimacy of the investment with Y before she invested and her explanation that she was convinced that Y was a bona fide company and that she maintained full control of her funds.

On balance, had Monzo contacted Ms D to enquire about her transactions on 7 or 14 April 2022, I consider it likely that she would have given similar answers to those she gave to B and would have given reassurances to Monzo that she was transferring money to her own cryptocurrency wallets that she maintained control over. Had she discussed the Y investment, it is also likely that she would have explained her previous investments, profits and ability to access her funds when she wanted, as this was her genuine belief at the time.

As such, I consider it likely that Monzo would have been reassured by those answers and that Ms D would have wanted to continue to make those payments, even if Monzo had contacted her to warn her of the risk. Therefore, I consider she would have suffered the same loss.

Given that Ms D transferred cryptocurrency from her cryptocurrency wallet to Y within minutes of having transferred those same funds in from her Monzo account in April 2022, I don't consider there was any prospect of Monzo recovering those funds after she alerted them to the scam when she complained in January 2025, which was a significant amount of time later.

Given everything I have considered above, I propose not to uphold the complaint. Although I consider Monzo should have contacted Ms D to alert her that she might be at risk of harm, I think it likely Ms D would have provided reassurances to Monzo and wanted to continue to complete those transactions, despite Monzo's warnings, and would therefore have suffered the same loss.

My final decision

My final decision is that I don't uphold the complaint.

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

Matthew Warrington
Ombudsman