

## The complaint

Mr P complains that Monzo Bank Ltd won't refund the money he lost to a recovery scam.

## What happened

There is limited information on the events, and the following is Mr P's account:

- He'd been scammed several times before and, after making payments through another bank, lost a lot of money.
- In April 2024, he received a call from Person T (the scammer) who told him that he worked for a financial authority, and he could see a crypto exchange account in his name which contained £245,000.
- He thought Person T sounded professional and he believed him when he told him that for upfront fees, he could get back money he had lost plus crypto profit totalling £245,000.
- He trusted Person T and he was persuaded to download software onto his devices that allowed Person T to remotely control them.
- Person T then opened crypto exchange accounts with four legitimate Firms B, P, O and S. An account also appears to have been opened with an Electronic Money Institution called Firm R.
- He made the following payments to Person M and R (who appear to be individuals selling crypto) and accounts in his name with Firm S (another legitimate crypto exchange) and Firm R (an Electronic Money Institution) where funds were then sent onto the scammers that also appear to have been opened in his name by the scammers:

Payment Number	Date	Payment method	Payee	Amount
1	5/6/24	Faster Payment	Person M	£595
2	13/6/24	Faster Payment	Person M	£800
3	21/6/24	Faster Payment	Person M	£3,000
4	26/6/24	Faster Payment	Person M	£2,545
5	1/7/24	Faster Payment	Person M	£2,000
6	1/7/24	Faster Payment	Person M	£1,980
7	2/7/24	Faster Payment	Person R	£1,975
8	8/7/24	Card Payment	Mr P account with Company S	£1,500
9	8/7/24	Card Payment	Mr P account with Company S	£4,000
10	8/7/24	Card Payment	Mr P account with Company S	£1,520

11	10/7/24	Card Payment	Mr P account with Company S	£4,130
12	28/8/24	Faster Payment	Mr P account with Firm R	£7,440
Total				£31,485

Mr P discovered the scam when he decided to call the authority to verify their correspondence.

To recover his loss Mr P went to a firm of solicitors who contacted Monzo seeking a full refund as they thought they hadn't done enough to protect him from the scam and were liable for his financial loss.

Monzo provided Mr P with a 50% refund (£12,820) on nine of the twelve payments – these are for all the payments in the table except those shaded (payment numbers 2, 7 and 12). Also, they paid 8% interest and £80 compensation.

As Mr P was dissatisfied with only receiving a partial refund and didn't want to pay any more solicitor fees he brought his complaint to our service. But our investigator considered Monzo's partial refund to be fair.

Mr P disagrees as he didn't know it was a scam. So, his complaint has been passed to me to consider.

### **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, my decision is not to uphold this complaint, and I'll explain why.

I should first say:

- I'm very sorry to hear about Mr P's financial loss and the distress he has suffered.
- Although the evidence of the scam is limited, due to Mr P's testimony, some dialogue with Person T, unusual payment patterns and a fake letter, I'm persuaded that he was the victim of a cruel investment recovery scam.
- Regarding recovery, unfortunately the funds were sent by crypto, where the wallet would've been emptied and the crypto exchange companies provided the required service. So I don't think Monzo can reasonably have been expected to recover Mr P's funds including through the chargeback process.
- In making my findings, I must consider the evidence that is available to me and where evidence is incomplete, inconsistent or contradictory, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.
- I'm satisfied that Mr P didn't have protection under the Contingency Reimbursement Model (CRM) code, for which Monzo adhere to the principles. This is because:
  - Payments 1 to 7 appear to have been to purchase crypto from private individuals (known as a Peer-to-Peer {P2P} payments) that then went to the scammer.
  - Payments 8 to 12 were to accounts in his name. Also, payments 8 to 11 were by card.

- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

#### PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment.

T I'm satisfied that Mr P made payments 1 to 11 and, when his account was being closed, agreed to the 'me to me' transfer to his nominated Firm R account (payment 12), so I consider that they were authorised by him. Mr P has indicated that Person T both processed and authorised the payments and he didn't know about them. However, there is evidence – recordings of his calls with Monzo (when they intervened) and our service – that show he was aware of the payments (seeing them on his banking app and commenting on them) and it was the transactions following the payments (from the crypto exchange companies) that Person T likely processed.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Monzo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have 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 banks 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 declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

#### Consumer Duty

Also, from July 2023, Monzo had to comply with the Financial Conduct Authority's (FCA's) Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Monzo was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud.

Monzo also had to look out for signs of vulnerability. However, I haven't seen any evidence or indicators, including signs on the calls, apart from a hearing difficulty, that Monzo should've been aware that Mr P was a vulnerable customer and had a history of being scammed.

Monzo don't dispute that they '*could have done more to protect and advise*' Mr P. This comment and their agreement to refund all payments except 2, 7 and 12, followed their review of several interventions they put in place on payment 7 and others before releasing payment 8.

Having listened to Monzo's intervention calls:

- I can understand Monzo's comments and decision to provide a refund. I say this because, despite finding that they provided strong and relevant educational information and warnings and Mr P wasn't truthful and (despite understanding the risk) dismissed them and insisted they made the payments, their agents appeared to suspect he was being scammed. Also, when Mr P mentioned that he was recovering £245,000, one of the agents missed this, and probing may perhaps have led to them blocking further transactions (7 to 11) and restricting his account.
- Although I in no way blame Mr P as I recognise he was under the spell of the scammer and was either told to lie and / or was convinced he would receive a life-changing amount of money, I found he wasn't truthful to Monzo even when told scammers ask customers to lie and he may lose all his money.
- As Mr P wasn't truthful, I think that even if Monzo agents probed further, blocked his payments and temporarily restricted his account, I'm not persuaded that Mr P wouldn't have still continued to listen to Person T over his banks, ignore their education and warnings and continue to be untruthful, and found a way to pay him.

As it isn't entirely clear why Monzo made a decision to provide a refund on the payments that preceded payment 7, I looked closely at them, to see if they could've done more on these:

#### *Payments 1 to 6*

Mr P's account was new, and he'd earlier tried to make a payment for crypto to Firm P, which they blocked. Also, Monzo didn't have any payment information to compare these payments against and for each of these payments he'd transferred in amounts on the same day to cover the payments. However, payments 1 and 2 were both for low amounts and to an individual with an account with a regulated bank and they issued a new payee warning. So, I wouldn't have expected Monzo to have intervened on these two payments.

Payment 3 was for a larger amount and as mentioned above Monzo didn't have any payment history for Mr P. Although there was a time gap between this and payment 2, and the amount wasn't particularly high, it was the third consecutive payment where he transferred funds into the account, on the same day, to cover the value. And Monzo should know that multi-stage payments can be an indicator of fraud or scams. So, I think Monzo should've put in place an intervention before releasing this payment.

Payments 4 to 6 were for lower amounts and, although the same pattern for credits applied, if an effective intervention took place on payment 3 and they had given education and warnings enabling Mr P to protect himself and were satisfied it wasn't a fraud or scam, I wouldn't have expected interventions on these.

So, having looked at the payments 1 to 6, I think Monzo should've also spoken to Mr P at payment 3. However, an intervention at this point wouldn't have stopped payment 2. Bearing in mind Monzo had less information at payment 3 and Mr P would've more likely than not taken the same untruthful approach, I'm not persuaded Monzo would've had reason to prevent him from making these six payments to the scammer.

#### *Summary / Causation*

Having considered all the payments, including the earlier payments, although I don't think Monzo caused Mr P's loss as he would've more likely than not found a way of paying person T regardless of any intervention by them, I can understand why they have said they could've

done more to protect him and applied a refund on the payments Mr P's solicitors communicated.

Although I think payments 2 and 7 are likely to have been payments to the scammer, as there is a lack of evidence of the scam and I don't think Monzo are liable for Mr P's loss, I don't think it would be fair or reasonable to require Monzo to make any refund payments.

Regarding payment 12, this was to another regulated business and I'm satisfied that Mr P nominated them when Monzo said they were closing his account. In addition, there is a lack of clarity on where the transferred funds went and as Mr P wasn't truthful it's difficult to say that he would've given Monzo cause to restrict his account and for any length of time. So, I don't think it would've been reasonable for Monzo to have included this payment in the refund.

I can also understand Monzo's decision to deduct 50% from the refund amount. This is because of contributory negligence as Mr P should've done more to protect himself. I say this because he:

- Was contacted out of the blue and followed Person T's advice and instructions, including downloading software, without undertaking any independent checks to verify who he was speaking to and whether he was a genuine representative.
- Didn't seek information, or help from professionals, to understand and confirm the following that all presented red flags – what the organisations did, how they knew the money was his, how his losses from a previous scam (which appear to be much less) could've grown to such a high amount, what their recovery process was and why it included buying crypto from individuals.
- Was aware of the risks of downloading computer sharing software.
- Was willing to ignore strong education and warnings.

Having considered all the above, although I'm genuinely very sorry that Mr P has lost a large amount of money here and been caused distress, I don't think Monzo caused his loss or that their partial refund is unfair or unreasonable. So, I'm sorry to disappoint Mr P, but I'm not upholding his complaint.

### **My final decision**

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 March 2026.

Paul Douglas  
**Ombudsman**