

The complaint

Mrs M complains that Monzo Bank Ltd (“Monzo”), have failed to refund money that she lost as part of an investment scam.

What happened

Mrs M came across three companies that purported to be investment firms, but they were actually scams. I will call these firms C, D and E. This decision is about payments Mrs M made to firm E. Mrs M’s complaints that concern payments made to C and D are being dealt with separately.

Mrs M sent over 30 payments to firm E from her Monzo account between October 2023 and January 2024. These payments were a mixture of card payments and transfers to a number of different crypto exchanges and totalled over £10,000.

There were also five payments made to an individual who Mrs M said was an introducer for E. Mrs M says that she sent this person funds, who then forwarded it to her account with C.

My understanding is that E was due to pay Mrs M daily returns into the account she held with it, but after a certain point, she was unable to withdraw the profits that she believed she had made. At this point Mrs M realised she had been scammed.

Mrs M raised a complaint with Monzo, as she believed that it should have stopped her from making the payments in question.

One of our investigators looked into this matter and they did not uphold this complaint. They did not think that Monzo needed to intervene during the scam and that Monzo did not need to refund any of the payments under any of the reimbursement schemes.

Mrs M did not agree with these conclusions. So her complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services 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 (among other things). 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;
- 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 – (as in practice Monzo sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this instance, I am not upholding this complaint for a number of reasons.

Firstly, it has not been completely demonstrated which payments relate to this scam firm. As there seem to be payments made to the same crypto exchange, even after the scam was reported. But taking into consideration the payments that Mrs M says she made to E. I don't think that the payments were individually large enough or formed a pattern sufficiently indicative of a scam to have prompted Monzo to intervene. So I'm not persuaded there was anything that ought reasonably to have triggered Monzo's fraud monitoring systems, or that would have indicated she was in the process of being scammed. I therefore do not consider there to have been any obligation on Monzo to have intervened.

I've also thought about whether Monzo did enough to attempt to recover the money Mrs M says she lost. I note that Monzo are not part of the Contingent Reimbursement Model ("CRM"), but they have agreed to act in the spirit of it.

In this instance the card payments to the crypto exchanges would not be covered by the CRM as the payments were made to an account in Mrs M's own name and card payments are not covered in any event. I don't think that a chargeback would have been successful, had Monzo attempted to make a chargeback claim. I say this because the payments were essentially a means to move funds from Mrs M's account to the account that she held with the crypto exchanges – to purchase crypto - and this is what happened. It was only when Mrs M sent the crypto on to the scammer did the loss occur. So there would be no grounds to challenge the payments.

In relation to the transfers to the third party, there is insufficient evidence that the individual in question was a scammer; was actually officially linked to E; or was even forwarding the funds to Mrs M's account with the scammers on her behalf. So the CRM does not apply. Also, even if I could see that the third party sent the funds from their account to E my understanding is that this was likely done by converting the funds into crypto and sending on to E which again would mean that CRM would not apply.

I also don't think that there were grounds for Monzo to have tried to recover the funds from the third party's account either. Also, even if it did, I do not think that this would have been successful due to the timescales between when the scam occurred and when it was reported.

So overall I don't think that Monzo could have recovered any of the funds that Mrs M says she lost.

I appreciate this will likely come as a disappointment to Mrs M. However, I'm not persuaded that Monzo can fairly or reasonably be held liable for the losses that Mrs M says she experienced in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 December 2025.

Charlie Newton
Ombudsman