

The complaint

Mrs K, through a representative, complains that Monzo Bank Ltd has not refunded the money she lost through a scam.

What happened

As both parties are familiar with the details of the alleged scam, I will not repeat them here in full. In summary, Mrs K made the following debit card payments on the understanding she was investing through an organisation I will refer to as 'M'. It offered her the opportunity to receive commissions for every purchase of one of its business courses that was made through a social media page in her name. It would set up the page for her. Payments 1 to 7 were made via Stipe to one UK bank account and payment 8 was made to a different UK bank account via PayPal.

payment	date	value
1	10-Jul-24	£1,000
2	15-Jul-24	£1,000
3	16-Jul-24	£1,000
4	18-Jul-24	£1,000
5	20-Jul-24	£1,000
6	10-Oct-24	£1,000
7	11-Oct-24	£1,500
8	11-Oct-24	£2,500

Mrs K received commissions of £1,552 so the total loss she wants Monzo to refund is £8,448. She says it did not do enough to protect her money.

Monzo says due to the complexities and sensitivities involved, it wasn't able to reach a final outcome on Mrs K's claim. There is an active criminal investigation into 'M' and whilst that's ongoing it can't progress Mrs K's case. It pointed to section R3(1)(c) of the CRM (Contingent Reimbursement Model) code that allows it to do this.

Our investigator did not uphold Mrs K's complaint. She said Monzo could not rely on section R3(1)(c) of the CRM code as the payments were made by debit card and so are not covered by the principles of the code. However, she said as the evidence about the nature of the scam is very finely balanced, and unclear, it's not currently possible to fairly determine the investment was a scam. And, therefore, she could not hold Monzo liable for Mrs K's losses.

Mrs K disagreed and asked for an ombudsman's review. Her representative provided a detailed submission arguing there is sufficient evidence to conclude this was a wide-spread scam. And, as there were a number of red flags, if Monzo had intervened effectively it would have broken the spell of the scam and prevented Mrs K's losses.

I reached the same conclusion as the investigator but I relied on different findings so I issued a provisional decision. An extract follows and forms part of this final decision. I asked both

parties to provide any further comments or evidence for me to consider by 12 December 2025.

Extract from my provisional decision

The first question we typically look to resolve in cases such as these is whether the organisation involved, so here 'M', was actually operating a scam. To date this complaint investigation has centred on this point. Mrs K's representative has presented detailed submissions about why it believes this was a scam and our investigator has explained why it is challenging to currently draw that conclusion. I am aware the police are currently looking into allegations of investment fraud against a key individual involved in 'M'. This an ongoing investigation and it is not my role to make a finding as to the likely outcome. It may later become clear as to whether or not a scam has taken place. However, not knowing if the activity will be found to be a scam or not, doesn't make a difference in the individual circumstances of this case as the outcome does not turn on that issue. I will explain.

There's no dispute that Mrs K made and authorised the payments. Mrs K knew who she was paying, and the reason why and I am satisfied the transactions were authorised under the Payment Services Regulations 2017. But it doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that by July 2024 Monzo should fairly and reasonably have:

- been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;*
- 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;*
- 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, taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.*

In this context I don't find Monzo can be held liable for Mrs K's losses. I'll explain why.

Banks have to strike a balance between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. In this case I am not persuaded any of the payments showed indicators of possible financial harm such that Monzo needed to intervene.

The first five payments were made over a ten-day period, the value did not increase, they were made to a UK bank account in sterling so there was nothing to suggest they were inherently risky. Nor were they the first such payments Mrs K had made from her account. There was a payment for £2,000 in May 2024 and it was funded in the same way as these payments, i.e. with a transfer into her current account from one of her Monzo pots.

The next three payments were then not until over ten weeks later and again I do not find they were out of character such that Monzo ought to have intervened. By this stage the prior five transactions had been sent without any subsequent issues to the same recipient as

payments 6 and 7. And whilst payment 8 was higher, it didn't establish a pattern typical of scam activity as it was to a different account.

It follows I would not have expect Monzo to intervene. I anticipate Mrs K's representative will disagree with this finding so I would add, as the investigator concluded, that I find it most likely that even if Monzo had intervened it would not have broken the spell of the scam.

Mrs K had done quite extensive research, reviewing multiple videos where other individuals had recommended 'M'. The main individual involved was associated with well-known figures in the relevant community and he had appeared on prominent religious TV channels making him seem trustworthy and credible. Mrs K had seen proof of earnings and commission payouts giving her confidence in the opportunity. She had read positive reviews on Trustpilot and positive testimonials confirming other people were receiving the services and commissions. So had Monzo contacted Mrs K I think she would have credibly answered a proportionate level of questioning.

In addition, the merchant codes of the two accounts Mrs K sent her payments to were MCC 7311 (advertising services) and MCC 7392 (management/consulting services) which would have aligned with what Mrs K understood the payments were for (setting up the social media page).

At the time the payments were made, there wasn't any public adverse information concerning 'M'. Its website could've been verified easily, as could the existence of the business course that was to be advertised on Mrs K's social media page. So I don't think any suggestion that Monzo should've protected Mrs K from her loss is fair or reasonable.

Did Monzo do what it should to try to recover Mrs K's money?

As she made all the payments using her debit card, the only potential recovery option would have been through the chargeback scheme.

The chargeback process is voluntary and run by the card scheme whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer, so here Monzo, acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its customer.

I can see that Monzo did not attempt any chargeback claims. I cannot find it at fault in this regard as I cannot see there would have been a valid reason code to use for a chargeback claim.

It follows I am not instructing Monzo to refund any money to Mrs K. This is a difficult decision to make, I'm sorry Mrs K has lost a considerable amount of money and I can understand why she would like to be compensated for her loss. I can only consider whether the bank, which had no involvement in the activity itself – be it a scam or a bad investment - should be held responsible for what happened. For the reasons set out above I do not find Monzo can be held liable in the circumstances of this case.

Both parties responded. Monzo accepted my provisional decision. Mrs K asked for the case to go to final decision, she did not provide any further comments.

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.

As neither party submitted any new evidence or comments for me to consider, I have no reason to change the findings or conclusion set out above.

It follows I am not instructing Monzo to refund any money to Mrs K.

My final decision

I am not upholding Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 12 January 2026.

Rebecca Connelley
Ombudsman