

The complaint

Mr and Mrs F are unhappy MONZO BANK LIMITED ('Monzo'), won't refund the money Mr F lost after falling victim to an authorised push payment ('APP') purchase scam whereby he sent money to an account held at Monzo.

While the disputed payment was made from a joint account in Mr and Mrs F's name, it was made by Mr F. So, for ease of reading I'll refer only to Mr F in my decision.

What happened

The background to this complaint is well known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows.

Mr F made a faster payment for £78 from his bank account (held at 'Bank R') to an account held at Monzo. The payment was for the purchase of some collectable coins which Mr F never received.

Mr F complained to Bank R who declined reimbursing him as it considered the matter was a civil dispute between Mr F and the seller. As Bank R didn't consider the matter was an APP scam it didn't contact Monzo.

Mr F subsequently contacted Monzo. Monzo advised it couldn't share information or discuss the beneficiary account with Mr F but explained the matter was raised to its fraud team to be investigated. It advised Mr F to contact and report the matter to Bank R so it could receive formal notification from it.

Mr F brought complaints about both Bank R and Monzo to our service.

For completeness, Mr F's complaint about Bank R wasn't upheld. The Investigator considered whether Mr F was due any reimbursement under the Faster Payment Scheme and CHAPS – Reimbursement Rules ('Reimbursement Rules'). The Reimbursement Rules, which came into force on 7 October 2024 and apply to all UK-based payment service providers (PSPs), put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme (or CHAPS). In short, the Investigator considered, on balance, it was likely that Mr F was the victim of an APP scam. However, they didn't consider Mr F was due reimbursement from Bank R, as the payment was for £78 and Bank R is entitled to deduct a claim excess up to £100 under the Reimbursement Rules.

In this complaint, the Investigator didn't consider there were any failings by Monzo that would mean it could have prevented Mr F's loss, nor did they consider that it was liable in some other way.

Mr F has asked for an ombudsman to review his complaint.

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.

First, to clarify, this decision focuses solely on the actions of Monzo – as the receiving PSP of the account where Mr F made payment to. Mr F's complaint about Bank R, as the sending PSP, has been looked at separately (with me as the deciding ombudsman) under a different complaint reference. In that complaint, I didn't uphold it and reached the same conclusions as our Investigator.

I would also like to add at this point that I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Monzo should have done more to prevent Mr F's loss. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

I'm sorry to disappoint Mr F but I'm not upholding his complaint about Monzo. I'm satisfied Monzo isn't liable for Mr F's loss. I'll explain why.

Among other things, regulated firms receiving payments like Monzo, are required to conduct their 'business with due skill, care and diligence' (FCA Principle for Businesses 2) and to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements.

Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship).

And, more generally given the increase in sophisticated fraud and scams in recent years, as a matter of good industry practice at the time, I think firms should reasonably have had measures in place to detect suspicious transactions or activities that might indicate fraud or financial abuse (something also recognised by the Banking Standards Institute's October 2017 'Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice').

And I'm satisfied that this good practice requirement meant not just looking out for situations where a customer might be the victim of fraud, but also situations where the customer might be the perpetrator of fraud or a money mule.

In considering all of the above, I have looked at whether Monzo opened the receiving account correctly, whether there was anything in the way the account was being used that should have given Monzo any cause for concern and finally; once notified of fraud did it act appropriately and in a timely manner. And if I consider there were failings in relation to any of the above, I have to consider whether Monzo's acts or omissions fairly resulted in Mr F's loss.

I would like to point out to Mr F at this point, that while Monzo has provided our service with information about the receiving bank account – it has done so in confidence. This is to allow us to discharge our investigatory functions, and Monzo has provided that which is necessary for the determination of this complaint. Due to data protection laws our service can't share any information about the beneficiary, the receiving bank account or any investigation and

action Monzo subsequently took. However, I would like to assure Mr F, I have thoroughly reviewed and considered all the information provided before reaching my decision.

Account opening

To help decide whether or not a bank failed to prevent the loss of an APP victim when opening the beneficiary account, we would generally ask to see evidence that; it correctly followed its account opening procedures; carried out checks to verify the identity of the named account holder; and did its due diligence when opening the account.

Here, I'm satisfied that Monzo carried out checks to verify the identity and address of the named account holder and did its due diligence when opening the beneficiary account. There wasn't anything at the time that I think reasonably could've alerted Monzo that the account it was opening would later be used fraudulently. So, I'm satisfied Monzo has taken reasonable steps to prevent the account being opened for criminal purposes and it didn't miss an opportunity to prevent Mr F's loss when opening the account.

Account monitoring

The primary duty of a bank is to follow their customer's instructions and make payments as directed in line with the mandate – which is usually set out in the terms and conditions of the account. Firms must also take reasonable steps to detect accounts which may be, or are being, used to receive APP scam funds. This ties in with long standing regulatory and legal obligations Banks and Building Societies have to monitor their business relationships and to be alert to other risks – such as fraud, which would include giving consideration to unusual and out of character transactions.

I've looked at the account history for the beneficiary account, and I can't say there was any account activity that I think would reasonably have stood out to Monzo as suspicious or significantly outside of what might be expected for an account of that type. I'm also satisfied there was no notification of fraud on the account prior to the payment Mr F made into the account and no other red flags where it could reasonably be argued that Monzo might have had sufficient grounds to suspect fraud and refuse execution of their customer's payment instructions.

Personal and business accounts often receive incoming credits, and in this case, I think it is reasonable to say that there was nothing to indicate to Monzo at the time Mr F made his payment that there was anything suspicious going on with the beneficiary account.

I don't think Monzo ought reasonably to have had concerns about the ongoing activity of the account where I would have expected it to have intervened, so I can't fairly say that it could have prevented Mr F's loss in this way either.

Recovery and its response to the notification of fraud

The Best Practice Standards set out that a receiving PSP must take appropriate action, in a speedy manner, upon notification of APP fraud and notify the sending PSP if any funds remain for recovery.

Monzo weren't notified of the alleged APP scam at the time from Bank R, as Bank R had deemed the matter was a civil dispute and not an APP scam. However, from reviewing the beneficiary bank statements, the funds Mr F had sent had been utilised or moved on / withdrawn prior to him reporting the matter to Bank R. So, even if Bank R had notified Monzo at that time, there wouldn't have been any funds to recover meaning there wasn't any funds that could be returned to Mr F.

So, I don't think I can fairly say Monzo didn't do enough to respond to the alleged APP fraud.

I am mindful that Mr F is concerned the beneficiary account is still open, which he says means the account holder could misuse the account to receive fraudulent funds through scamming others. I appreciate Mr F's frustration here. He was the victim of an APP scam and wants to ensure that what happened to him doesn't happen to others. But I am satisfied Monzo did raise the matter with its fraud team. I would add for Mr F's benefit, that it may be for example, Monzo couldn't conclude whether the matter was likely an APP scam or a civil dispute at that time – as it didn't receive a scam claim notification from Bank R and there had been no other fraud reports received against its account holder. I can't say that would be an unfair position for it to take at the time. It is for Monzo to determine whether it wishes to exit its relationship with an account holder – be that risk related or for other reasons. However, in light of reviewing this decision, Monzo may take further steps as to whether it chooses to maintain a relationship with its account holder.

Summary

Overall, I don't think Monzo could've done anything more as the receiving PSP to have *prevented* the loss of Mr F's money. And even if Monzo had been notified, at the point Mr F first reported the matter to Bank R, there wasn't any chance of it recovering any of Mr F's funds as they had already been utilised. So, I don't find there were any failings by Monzo whereby I could say it is liable for Mr F's loss here.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 7 May 2026.

Matthew Horner
Ombudsman