

The complaint

Mrs S complains that Monzo Bank Ltd didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs S saw an advert on social media about an opportunity to invest in cryptocurrency with a company I'll refer to as "I". She was told she could make returns of 0.5% a day, but that this could increase to 3.2% a day if she made successful referrals. She was also told she could withdraw her money at any time.

Mrs S was told to download AnyDesk remote access software and added a group chat with other investors. She already had a cryptocurrency account and so she was told to purchase cryptocurrency and then load it onto an online wallet. Between 6 October 2023 and 4 December 2023, she made 18 debit card payments to two different cryptocurrency merchants totalling £33,839 from her Monzo account.

During the investment period, Mrs S referred others to the investment on the understanding that she would benefit by earning a higher daily percentage commission. But she realised she'd been scammed when she saw on the group chat that someone else had encountered problems withdrawing their funds.

She complained to Monzo, but it refused to refund any of the money she'd lost stating that the Contingent Reimbursement Model ("CRM") Code didn't apply because the payments were to an account in Mrs S's own name.

Mrs S wasn't satisfied and so she complained to this service with the assistance of a representative who said Monzo ought to have intervened on 19 October 2023 when Mrs S paid £8,350 to M. They accepted she had previously bought cryptocurrency, but they argued those payments were low value and so the scam payments were out of character for the account. They said it ought to have asked probing questions and as Mrs S hadn't been coached to lie, it would have identified that the investment was a scam.

But our investigator didn't think the complaint should be upheld. He thought Monzo ought to have recognised that payment four on 20 October 2023 carried a heightened risk of financial harm from fraud because Mrs S was sending £3,300 to an identifiable cryptocurrency provider. But he didn't think this would have prevented Mrs S's loss even if Monzo had concerns that the investment was a scam, at the time there was no information available in the public domain to confirm that "I" was connected to a scam because the FCA warning was dated 5 December 2023, so it post-dated the payments.

And he didn't think a scam warning would have resonated with Mrs S because she was heavily under the spell of the scam and strongly believed the investment was legitimate to

the extent that she ran a team of 20 to 25 individuals who she'd referred to the scheme, which she believed would increase her earning potential.

Our investigator also referred to the group chat where one of the other investors questioned whether "I" was a scam, and Mrs S responded *'Guys, anything like this people will say it's fake and going to shut down but everyone is making money and everyone is happy so let's just continue what we are doing. Only invest what you're willing to lose that's the same with every investment'...* *'No crypto is FCA regulated so you're fine to invest still'*.

He concluded that he didn't think an intervention would have stopped Mrs S from making the payments because there would have been nothing to confirm "I" was operating a scam, and it's unlikely a warning would have resonated with Mrs S because she was so sure the investment was genuine. So, he didn't think it missed an opportunity to prevent her loss.

Mrs S has asked for her complaint to be reviewed by an Ombudsman. Her representative has argued Monzo ought to have asked Mrs S probing questions and had it done so it would have detected the scam because the returns were unrealistic, she was making higher returns by referring others and it is unusual for investment firms to operate referral schemes, she was communicating with the scammer on WhatsApp, and she'd been asked to use AnyDesk. She should then have been given a tailored scam warning, which would have stopped the scam.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mrs S has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

The Contingent Reimbursement Model ("CRM") Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Mrs S says she's fallen victim to, in all but a limited number of circumstances. But the Code doesn't apply to card payments or payments to accounts in the consumer's own name.

I'm satisfied Mrs S 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Ms K is presumed liable for the loss in the first instance.

There's no dispute that Mrs S was scammed, but although she didn't intend her money to go to scammers, she did authorise the disputed payments. Monzo is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

I've thought about whether Monzo could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Monzo ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mrs S when

she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Monzo to intervene with a view to protecting Mrs S from financial harm due to fraud.

The payments didn't flag as suspicious on Monzo's systems. I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mrs S normally ran her account and while she had made payments to cryptocurrency merchants in the past, I agree with our investigator that it ought to have intervened when she made the fourth payment because she was sending £3,300 on 20 October 2023 to a high risk cryptocurrency merchant.

A proportionate response would have been for Monzo to have questioned Mrs S about the purpose of the payments and as she'd believed the investment was legitimate and there's no evidence that she'd been coached to lie, I think she'd have disclosed that she was investing with "I", she'd found the investment on social media, she'd been told to download AnyDesk, and she'd been told she could make better returns if she referred others to the investment.

With this information I would expect Monzo to have given Mrs S a robust warning about cryptocurrency investment scams including some clear advice about how to check the investment was genuine. But even though there were red flags present suggesting the investment was a scam, there were no warnings on either the FCA or IOSCO websites, so, I don't think it should have refused to process the payment.

I've thought about whether a warning about cryptocurrency investment scams would have prevented Mrs S from making any further payments and I don't think it would. This is because she strongly believed the investment was genuine to the extent that she'd referred friends and family to the investment and believed she was receiving additional commission from this. She was also seeing other investors sharing their successes, which further persuaded her the opportunity was legitimate. And, critically, her comments on the group chat in November 2023 (referred to above) show that that not only was she confident the investment was genuine, she was persuading others that it wasn't a scam, and reassuring them that "I" didn't need to be regulated. So, I don't think she'd have listened to a warning from Revolut.

I've also considered whether there were any further opportunities to intervene. While I note Mrs S was making payments of £10,000 on 20 November 2023 and 21 November 2023, she only realised she'd been scammed when she was alerted on the chat that others were having difficulty making withdrawals and around this time she attended a face-to-face meeting with other investors which gave her even more confidence about the investment and, in her own words, made her feel part of a community. So, I don't think a later warning would have made a difference.

Recovery

I've thought about whether Monzo could have done more to recover Mrs S's payments when she reported the scam to it. Chargeback is a voluntary scheme run by Visa 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. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Monzo) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mrs S).

Mrs S's own testimony supports that she used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the

disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mrs S's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Monzo's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

And I don't think there was a realistic prospect of a successful recovery because Mrs S paid an account in her own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Mrs S to part with her funds. I haven't found any errors or delays to Monzo's investigation, so I don't think she is entitled to any compensation.

I'm sorry to hear Mrs S has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Monzo is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 January 2026.

Carolyn Bonnell
Ombudsman