

The complaint

Mrs B is unhappy that Monzo Bank Ltd ('Monzo') won't refund her when she was the victim of a scam.

What happened

The facts of what happened are known to both parties, so I will provide a brief summary:

Between July 2019 and July 2020, Mrs B was introduced to an investment opportunity by her husband, who in turn had heard of it from a friend. She made payments to invest in a company which sold mobile phones online, which I will call 'M'. The payments were supposed to fund purchasing more inventory which would be sold on a well-known online marketplace at a profit. Investors were supposed to have their returns funded by the profit from the sales.

Below is a table of the relevant activity from Mrs B's Monzo account. The entries in bold are the payments in dispute.

Date	Payment
21 May 2020	Credit of £750 from M
21 May 2020	Credit of £1,000 from M
29 May 2020	£10,000 paid to M
30 May 2020	£5,000 paid to M
12 June 2020	Credit of £1,250 from M
29 June 2020	Credit of £285 from M
18 July 2020	Credit of £390 from M
28 July 2020	£10,000 paid to M
29 July 2020	£6,000 paid to M
13 August 2020	Credit of £995 from M
4 September 2020	Credit of £565 from M
26 September 2020	Credit of £1,170 from M
11 October 2020	Credit of £740 from M
19 November 2020	Credit of £845 from M
30 January 2021	Credit of £399 from M

Mrs B received returns for the investments into her account, but eventually withdrawals were halted by M. Mrs B reported the matter to Monzo as a scam through her professional representatives. Monzo were not able to provide a final response to Mrs B within the expected timescales so her professional representatives referred the complaint to the Financial Ombudsman Service.

Our Investigator considered all the evidence provided after multiple information requests. He didn't uphold the complaint as he didn't think he had enough information to reach a fair outcome. He was specifically concerned about the lack of information surrounding how much was invested, how much was received in returns and the source of funds.

Mrs B's professional representatives did respond and provided further information concerning the source of funds, but our Investigator felt this didn't change his view. As Mrs B didn't agree with the outcome, it has come 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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the story.

A relevant consideration when looking at this complaint is the Contingent Reimbursement Model ('CRM Code') which was in place until 6 October 2024. It's important to note that Monzo had not signed up to this Code. But it has explained that it is committed to applying the principles of the CRM Code in this particular case. As the payments were made prior to 6 October 2024, in reviewing this complaint I have assessed whether I think Monzo has applied these principles fairly.

Monzo declined reimbursement under the CRM Code for the payments to M on the basis that they didn't think Mrs B had a reasonable basis for believing that the investment was legitimate. They said this was because she was engaging in an illegal investment scheme that was not regulated. I think this is quite a bold statement to make as it seems unfair to assume that Mrs B had a strong enough knowledge about investments to be able to reach such a conclusion. I think it's likely that Mrs B did have a reasonable basis of belief as her husband had introduced her to the investment and, by this point, he had already successfully invested with M. I think this would've given her confidence that the matter was legitimate.

Theoretically, Mrs B is entitled to reimbursement by Monzo under the CRM Code. However, any redress that would be payable to her must accurately reflect the actual financial loss she suffered. Unfortunately, having considered all the evidence available, I agree with the Investigator that we don't have enough information to accurately determine the financial loss, and so, I cannot direct Monzo to reimburse her. I will explain why below.

My initial understanding of this complaint (and the basis that the Investigator had been working from after a thorough investigation) was that all payments made from Mrs B's Monzo account to M were made on behalf of her brother (who I shall call 'Mr H'). I can see this was confirmed by her representatives in December 2024. However, when given a final request for clarity on some of the payments, Mrs B's representatives told us that she borrowed £35,000 from her brother for the investment and then eventually paid him back.

Looking at the agreements around the date of Mrs B's payments, I think that they tally with agreements in Mr H's name, so it seems unlikely that Mrs B's funds were a loan from her brother as he seemed to be paying for his own investments. Whilst it's perfectly understandable why Mrs B may have misremembered information about the payments

(given the time that has passed and given how many payments were made), this confusion lends credence to the argument that the loss cannot be accurately established in this case. Having looked at the evidence we have, there simply isn't enough clear information about the source of the funds or the overall payments Mr H made and credits received for me to be able to establish what the loss truly is in this instance. It's important for me to know how the payments were funded as this impacts my assessment on what the loss is in this complaint, and it would be unfair of me to ask Monzo to reimburse Mrs B.

Mrs B and her representatives have had multiple opportunities to present an accurate and clear narrative about Mr H's payments overall; firstly at the start of bringing her complaint to us, then when we initially requested further information about the investments in November 2024 and when we chased for further information in December 2024. There was then an opportunity to provide further information when the Investigator issued his view in October 2025 and when Mrs B's representatives were notified about the complaint going to an Ombudsman in November 2025. Finally, I requested a complete narrative of payments in February 2026, which wasn't given.

I appreciate that Mrs B's representatives are in the process of getting further information from Monzo to provide more clarity, but I think this evidence will be of limited use. I say this because some information about Mr H's sources of funds would still be unclear.

So based on what I have, I am unable to accurately calculate Mr H's loss, so I don't think it would be fair for Monzo to reimburse Mrs B in the circumstances.

My final decision

My final decision is that I do not uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 April 2026.

Paula Lipkowska
Ombudsman