

The complaint

Mr H is unhappy that Monzo Bank Ltd ('Monzo') won't refund him when he was the victim of a scam.

What happened

Both parties are aware of the facts in this case, so I will provide a brief summary:

Mr H made payments totalling around £200,000 overall 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 Mr H's Monzo account:

Date	Payment
10 May 2020	£9,000 to M
11 May 2020	£10,000 to M
29 May 2020	£10,000 to M
30 May 2020	£10,000 to M
28 July 2020	£9,000 to M
29 July 2020	£10,000 to M
11 September 2020	£10,000 to M
12 September 2020	£10,000 to M
5 January 2021	Credit of £14,925 received from M

Mr H received returns for his investments, but eventually withdrawals were halted by M. Mr H reported the matter to Monzo as a scam through his professional representatives.

Monzo didn't respond to the complaint so the complaint was brought to the Financial Ombudsman Service. Monzo clarified in their submission to us that they declined to reimburse Mr H on the basis that they don't think he did enough to verify that the investment was legitimate.

Our Investigator considered all the evidence and, after a number of information requests concerning the source of funds and the scope of the investments, he didn't uphold the complaint as:

- he still didn't think he had enough information to give a fair outcome to the complaint. He was specifically concerned about the lack of information surrounding how much was invested and how much was received in returns.
- he pointed out that some of the investments were funded by Bounce Back Loans which he hadn't seen the agreements for.

Mr H's professional representatives did respond and provided further information concerning Mr H's Bounce Back Loans, but our Investigator felt this didn't change his view. As Mr H 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.

It has been accepted by both sides that M was a scam, but Monzo did not think Mr H should be reimbursed under the relevant fraud and scams rules.

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 Monzo 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, I have assessed whether I think Monzo has applied these principles fairly.

Monzo declined reimbursement under the CRM Code for the payments to M because they said Mr H didn't have a reasonable basis for believing that the investment was legitimate. However, I don't think this is a reasonable assessment. By the time Mr H made his payments which fall under the CRM Code, he had already successfully invested previously with M, so he would have had confidence that the investment was legitimate. He also knew others who had invested which would have further increased his confidence.

So I think there is an argument for saying that, in theory, Mr H was entitled to reimbursement by Monzo under the CRM Code. However, having considered all the evidence available, I agree with the Investigator that we don't have enough information to accurately determine the financial loss that Mr H has suffered. This means that, even if I were to find that Monzo had done something wrong and that Mr H was entitled to reimbursement, I cannot accurately assess what the loss was, so it would be unfair to expect Monzo to reimburse him.

My main points of concern are:

- It has been difficult to assess how much money was sent to M overall and how much was received back in returns. This is partly because we don't have the earlier investment contracts or statements of payments for M to work this out, but it is also due to the way Mr H made payments to M overall. Mr H made payments to M from a number of accounts, but he also asked his sister to pay on his behalf from two accounts as well. He also said that he was lent money from a friend to finance one of the investments, but he doesn't have evidence to support this and it is unclear from the paperwork we have seen if Mr H had borrowed the funds or was investing the

money on behalf of someone else.

- It looks as if there is the possibility that some of Mr H's investment payments from this account were funded in part by Bounce Back Loans. Bounce Back Loans were provided under a scheme set up by the government which had certain requirements. Under the scheme, these loans weren't allowed for personal reasons – like a personal investment. It has been very difficult to assess what proportion of the payments came from Bounce Back Loans due to the way money has been moved between accounts.
- What has made the matter more difficult to assess is a large proportion of the information above was provided in a piecemeal way after multiple information requests from Investigators. I have asked Mr H's personal representatives to provide an overall narrative of the payments made and received so that I can comment on the matter with confidence, but I don't think this has been given.

I appreciate that the payments happened a long time ago and Mr H has been attempting to get further statements, but I do not think these statements will allay all of the concerns I have above so I think it is appropriate to move forward with my decision.

So while I recognise that this will be a great disappointment to Mr H with the evidence provided to us, I'm not satisfied that I have enough information to accurately determine his loss. I appreciate that he has been trying to get Monzo's statements in order to provide further evidence to clarify the situation, but I am conscious that his professional representatives have had multiple opportunities to provide us with a clear narrative, and this hasn't been given. In the circumstances, I don't think it would be appropriate to delay reaching a decision on this case.

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 Mr H to accept or reject my decision before 15 April 2026.

Paula Lipkowska
Ombudsman