DRN-6127418

Complaint

Mr M is unhappy that Monzo Bank Ltd didn't reimburse him after he reported falling victim to a scam.

Background

In late 2020, Mr M was the victim of an investment scam. He had come across an investment opportunity online. He made contact with the company and was persuaded to invest. An account was set up for him on an otherwise legitimate trading platform. He was told that his funds would be used to place forex trades through a third-party system. Mr M didn't realise it at the time, but he wasn't dealing with a genuine investment firm. He'd been targeted by fraudsters.

Over the course of a few months, he used his Monzo card to make payments totalling around £22,000 into his account. Eventually, he noticed activity on the platform that didn't match what he expected. He also came across online reviews suggesting the company managing his money was fraudulent. Once he suspected a scam, Mr M withdrew the remaining balance held on the platform. This was approximately £16,000.

He complained to Monzo but it didn't agree to reimburse him. It did, however, pay him £75 in recognition of some shortcomings in its complaint handling. Mr M wasn't happy with its decision not to refund him and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr M disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Broadly speaking, the legal starting point is that a bank is required to process payments and withdrawals authorised by its customer, in line with the Payment Services Regulations (in this case, the 2017 Regulations) and the terms and conditions of the account. Monzo had also agreed to follow the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. In certain situations, this Code can entitle a customer to reimbursement. However, the Code does not apply to card payments, so the payments Mr M made don't fall within its scope.

However, that's not the end of the matter. Good industry practice meant Monzo still had a responsibility to monitor for transactions or account activity that were unusual or out of character, to the extent that they might indicate a risk of fraud. If such a transaction was detected, I'd expect the bank to take reasonable steps to protect the customer. This could range from presenting a clear on-screen warning to, in more serious cases, contacting the customer to understand the circumstances of the payment.

In this case, while the value of payments was higher than those Mr M typically made, I don't consider that they reached the threshold where the bank should have blocked any of them or called him. The amounts were not exceptionally large. With one exception, all of the payments were for less than £4,000 and many were for less than £500. The payments were also spread out over time. For example, by the time he made the fourth payment (£3,700), he'd already made three low value payments to the same payee over a period of weeks. It would've appeared to Monzo that he was now paying an established and trusted payee. In addition to that, the payments were made to a legitimate firm authorised and regulated by the FCA.

Although some of the payments might have warranted a lighter-touch response (such as displaying a warning message during the payment process) it's difficult to see how this would have changed Mr M's decision to proceed. Any warning would have needed to be written in fairly broad terms and I think it's unlikely one would've resonated with him, particularly given that he'd already been persuaded by what he believed was the strong performance of the investment.

It's possible that, had he spoken directly to a bank employee, they may have been able to highlight that the promised returns were unrealistically high and therefore implausible. However, as I've explained, the level of intervention should be proportionate to the risk identified. On balance, I do not think Monzo acted incorrectly by not blocking any of his payments and calling him.

I've taken into account the points Mr M raised in response to the Investigator's view. He says that these payments were inconsistent with his usual account activity. However, when reviewing his statements, I can see around ten earlier payments made to a different trading platform. Taken together, these transactions were indicative of someone who was actively engaged in online investment activity. When he later made card payments to a different online trading platform, this payment history would've reduced the apparent risk.

He further says it's unfair to conclude he wouldn't have made a different decision if Monzo had intervened. He points out that he acted promptly by withdrawing his funds as soon as he became concerned that he might be dealing with fraudsters. However, I'm not persuaded that a written warning would have been enough to trigger that same level of concern. There was very little publicly available information at the time that would have alerted him to the fact the company was fraudulent.

I don't say any of this to downplay the fact that Mr M is the victim of a cruel and cynical scam. I have a great deal of sympathy for him and the position that he's found himself in. However, my role is to look at the actions and inactions of the bank and, for the reasons I've explained, I'm not persuaded that any error on its part was the cause of his losses here.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 March 2026.

James Kimmitt
Ombudsman