

The complaint

Mr S complains that Monzo Bank Ltd won't refund the money he lost when he fell victim to an impersonation scam.

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.

Mr S is an international student, and he received an automated call which said his National Insurance (NI) number had been used in illegal money laundering activities. He pressed a number and subsequently spoke to a scammer, posing as a police officer, on telephone numbers that showed as belonging to UK police.

The fake police officer informed him that:

- His NI number had been linked to an international money laundering investigation involving multiple countries and banks.
- They needed to confirm that he was not personally involved.
- A judge had issued an order which meant his NI number was going to be cancelled, and that the matter needed to be resolved within 24 hours.
- If he didn't cooperate, he would be arrested, taken into police custody and as his student visa would be reviewed he would need to hire a lawyer.
- His bank accounts needed to be frozen as part of the investigation and, to keep his money safe, he was required to transfer his funds into gift cards and send them images of the code.
- He was instructed not to speak to anyone about the matter and if he did this would be a violation and he would be arrested. Also, to create a story should he be asked any questions. He was told not to reveal anything as it would breach the case procedure.
- He was told that once his case was closed, his funds would be returned to his account.
- He was told to purchase gift cards from different retailers.

As Mr S believed the call to be genuine, he followed the scammer's instructions and bought the following 17 gift cards, totalling £3,600, with his Monzo bank account debit card:

Payment Number	Date	Time	Payment method	Payee	Amount
1	20/1/26	1142	Card	Retailer B	£100
2	20/1/26	1142	Card	Retailer B	£200
3	20/1/26	1143	Card	Retailer B	£200
4	20/1/26	1144	Card	Retailer B	£200

5	20/1/26	1205	Card	Retailer B	£200
6	20/1/26	1205	Card	Retailer B	£200
7	20/1/26	1206	Card	Retailer B	£200
8	20/1/26	1207	Card	Retailer B	£200
9	20/1/26	1218	Card	Retailer C	£100
10	20/1/26	1335	Card	Retailer T	£250
11	20/1/26	1336	Card	Retailer T	£250
12	20/1/26	1337	Card	Retailer T	£250
13	20/1/26	1338	Card	Retailer T	£250
14	20/1/26	1338	Card	Retailer T	£250
15	20/1/26	1341	Card	Retailer T	£250
16	20/1/26	1341	Card	Retailer T	£250
17	20/1/26	1342	Card	Retailer T	£250
Total					£3,600

Mr S describes how he was '*shaking, crying, and panicking during the call*' and explains that he wasn't thinking rationally and made the payments because of the pressure exerted and fear he would be arrested and his life in the UK would be over.

Mr S realised he'd been scammed when he spoke to a friend after his account had been emptied and he was being pressured to buy more gift cards, and they immediately recognised that he was being scammed.

Mr S contacted Monzo to seek a refund, as they didn't intervene to protect him, but they rejected his claim.

Mr S then escalated his claim to our service. Although our investigator thought Monzo should've put an intervention in place, as Mr S was following the scammer's threats and coaching, he didn't think Monzo would've been able to unravel the scam and stop the payments.

Mr S disagrees and when requesting an Ombudsman decision, he points out that the scammer's control over him was broken once an independent third party became involved and he believes his loss would've been prevented had Monzo blocked the transaction and presented a clear and direct fraud warning.

I issued a provisional decision on 24 March 2026, and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is different to the outcome of that reached by our investigator. So, I'd like to give both parties a further opportunity to respond. The deadline for both parties to provide any further comments or evidence for me to consider is 6 April 2026. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Monzo Bank Ltd accepts my provisional decision, it should let me know. If Mr S also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

What I've provisionally 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, my provisional decision is that I'm partially upholding this complaint and I'll explain why.

I should first say that:

- *From reviewing his submissions, I'm persuaded that Mr S has been the victim of a cruel impersonation scam and I'm very sorry he's lost a significant amount of money and had such a distressing experience.*
- *My role is to independently evaluate the evidence provided by both parties. So, where evidence is incomplete, inconsistent or contradictory, as some of it is here, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.*
- *I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply to payments here. This is because the payments were made by card which unfortunately are excluded.*
- *It wouldn't have been possible for Monzo to recover Mr S's funds through a chargeback as the gift cards were used and the retailers had provided the required service.*
- *The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.*

PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment.

There's no dispute that Mr S made the payments here, so they are considered authorised. However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions. So, I consider Monzo should fairly and reasonably:

Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.

- *Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.*

- *Have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

Consumer Duty

Also, from July 2023 Monzo had to comply with the Financial Conduct Authority's (FCA's) Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Monzo was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, look out for signs of vulnerability.

With the above in mind, I looked closely at all the payments to see if Monzo should've recognised Mr S's payments were unusual and that he was potentially at risk of financial harm.

I considered that banks do process thousands of payments each day, including to popular retailers like Retailer T, C and B and it wouldn't be unusual for customers to purchase several gift vouchers for amounts between £100 and £200. Also, to get a variety of gift vouchers. And Mr S had previously made three payments for £250 on the same day which he'd referenced 'gift'.

However, on 20 January 2026, I would've expected Monzo to have recognised that there was a risk that Mr S was being scammed. I say this because:

- *They would've seen a high velocity of payments in excess of previous spending patterns, with seventeen payments being made within a two-hour period and most within minutes of each other.*
- *Mr S's spend was usually less than £1,000 and by payment 6 the cumulative amount quickly exceeded this amount.*
- *Gift card scams are common.*

So, I think Monzo should've been concerned and looked to intervene to implement warnings and check that Mr S wasn't the victim of a fraud or scam.

I can't see that Monzo did the above analysis before releasing the payments and they haven't provided sufficient evidence to persuade me they intervened or that it wasn't proportionate for them to intervene.

If a bank doesn't question payments that might be at risk, then it can't fulfil its duty to protect customers. I'm not saying that means it must check every payment out of its customers' accounts. But here, considering the velocity and cumulative amount, I believe it ought to have put in place both automated and human interventions.

I think an automated written warning, giving general scam warnings, should've been implemented at payment 4. This is because of the rapid consecutive payments - it was his fourth transaction in just two minutes and his spend was accumulating to £700, which was high for his account.

Due to the continuation of the rapid consecutive payments, I think a human intervention, where a fraud and scam agent would identify Mr S and ask probing

questions to give relevant education and warnings and look to detect a scam, should've been implemented soon after – at payment 6.

Having established that interventions should've taken place at payments 4 and 6, I then considered what would've likely happened on these.

I'm not persuaded a general written scam warning at payment 4 would've been effective. Although it may well have referenced impersonation scams, Mr S was convinced he was speaking to the police having checked the contact numbers he was given.

On a human intervention at payment 6, I think it more likely than not that, after quickly establishing that Mr S was making the payments, the following would've occurred:

- Before asking Mr S what he was buying, an agent would've:
 - Started the call by explaining that the purpose of the intervention was to protect him from financial harm. Also, that scammers ask customers to be untruthful. And if he had been asked to lie only a scammer would do so.
 - Asked him if he was acting upon anyone's instructions and had been told to lie to his bank.
- As Mr S was convinced he was dealing with the police, because there was an element of sophistication to the scam with the scammers spoofing legitimate police phone numbers, and he was very fearful, at this stage of the call, I think he probably wouldn't have been truthful. But, based on his consistent testimony, where he has described how, through being fearful and tearful over the thought of being arrested and deported, I think he would've found it difficult to suppress his emotions.
- I think Mr S would've then explained he was buying gift cards for a festival and, although this would've sounded plausible, an agent trained to be suspicious and detect fraud and scams would've asked him who the gifts were for, how many he planned to buy as they would've noticed that he credited his account with £2,105 from another account. And Mr S would've likely said he was going to buy a lot more. At this point I think a skilled agent would've:
 - A. Picked up on Mr S sounding nervous as he was making things up.
 - B. Found out he was a student in a foreign country and realised he was potentially vulnerable.
 - C. Known that scammers frequently target international students and that gift card scams are common.
- I think it more likely than not that, due to above points A to C, an agent would give Mr S standard scam educational information and importantly brought them to life, to see how he reacted. This information would likely include:
 - Scammers pretending to be employers, the bank, the police, scam recovery agent or another organisation, like HMRC, and use this information to convince you they're genuine.
 - Legitimate organisations would never tell customers to lie to their bank.
 - Criminals ask customers to move money to a safe account.
 - Criminals ask customers to buy gift cards and share the code.
 - Criminals will sometimes use a tactic called 'number spoofing' where they make it look as if their telephone number or text is from an organisation such

as the police.

Although I can't be certain, I think Mr S would've carefully listened and, upon receiving this information and examples, he would've started to reflect on the scammer's request. Then, prior to authorising payment 6, the scam would've been unravelled, as he would've realised their request for gift card codes was suspicious and didn't make sense and it was one of the scams that he'd just had education on.

Having established that a human intervention at payment 6 would've more likely than not uncovered the scam and prevented any further loss, I then looked at whether there was more Mr S could've done to protect himself.

Contributory negligence

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint. The concept of contributory negligence centres around whether or not a consumer should have done something to mitigate their losses or should share some responsibility for them.

Whilst I recognise there was an element of sophistication to this scam and appreciate Mr S was vulnerable due to him being an international student, I think there were aspects of this scam where he should've suspected something wasn't right at the very start (and before he ran out of money) and caused him to question the legitimacy of the request and make checks with the police. I say this because the fake police were receiving money via gift cards which is a method that is only for the purchase of goods and there was no information on how he would receive the money back. So, I think this should've been seen as very strange and prompted him to ask questions and make checks.

Putting things right

Having considered all the above, I think both the business and customer are equally at fault here. Monzo should've done more and put in place a human intervention at payment 6, which would've likely unravelled the scam and Mr S should've been more curious. So, I think it is only fair and reasonable for liability to be shared for payments 6 to 17.

So, my provisional decision is to partially uphold this complaint, and I require Monzo to:

- *Provide Mr S with a refund of 50% of his loss - for payments 6 to 17 - which totals £1,350.*
- *Pay 8% simple interest this amount from the date of loss to the date of settlement.*

My provisional decision

For the reasons mentioned above, my provisional decision is to partially uphold this complaint against Monzo Bank Ltd, and my requirements are detailed above.

This is subject to any comments that either Mr S or Monzo Bank Ltd may wish to make. These must be received by 6 April 2026.

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.

Further to my above provisional decision:

- After asking for some additional time, Monzo said that they agreed with my provisional decision.
- Mr S was grateful that it had been recognised that he was the victim of a sophisticated impersonation scam and that Monzo should have intervened. Mr S neither disagreed or commented on the intervention point that I think would've more likely than not have uncovered the scam. However, he requested reconsideration of the contributory negligence finding. In making this request, his points included the following:
 - He was under extreme fear and emotional distress and, as an international student living alone in a foreign country, he found the situation overwhelming.
 - The gift cards didn't appear illogical because *'the scammer, posing as a police officer, provided a detailed explanation. I was told that a police officer would come to my residence the following day, scan the gift cards, and that the funds would be credited back to my account within 24 hours. This made the situation feel official, structured, and believable, and removed any doubts I might otherwise have had'*.
 - He felt completely controlled and unable to verify anything independently.
 - It's only with hindsight that he understands that there were warning signs.
 - His financial loss has had a significant financial and emotional impact on him and recovering only part of it remains very difficult.

Following Mr S's above submission, I considered all of his points together with the file notes to determine if it's fair and reasonable for Monzo to be held fully liable for payments 6 to 17.

As mentioned above the concept of contributory negligence centres around whether or not a consumer should have done something to mitigate their losses or should share some responsibility for them.

I genuinely empathise with Mr S's financial loss and the distress and financial problems this has caused him. Also, I recognise an element of sophistication (police phone number spoofing) and appreciate Mr S's points about the tactics the scammers' used and him being fearful and an international student. However, I still think being asked to make a payment to an official by giving them gift card codes and then to later to receive a credit (via scanning) back to his account, should've been seen as odd and implausible, prompting questions and suspicion and causing him to check the legitimacy of the supposed police officers. So, I'm sorry to disappoint Mr S, but on that basis, I don't think it would be fair or reasonable to hold Monzo fully liable.

So, having again considered contributory negligence, my decision remains the same as my provisional decision, and I'm partially upholding this complaint against Monzo Bank Ltd.

Putting things right

Having considered all the above, I think both the business and customer are equally at fault here. Monzo should've done more and put in place a human intervention at payment 6, which would've likely unravelled the scam and Mr S should've done more to protect himself.

So, I think it is only fair and reasonable for liability to be shared for payments 6 to 17 and to put things right I require Monzo Bank Ltd to:

- Provide Mr S with a refund of 50% of his loss - for payments 6 to 17 - which totals £1,350.
- Pay 8% simple interest this amount from the date of loss to the date of settlement.

My final decision

For the reasons mentioned above, my final decision is to partially uphold this complaint against Monzo Bank Ltd and my requirements are detailed in the above 'Putting things right' section of this decision paper.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 May 2026.

Paul Douglas
Ombudsman