

The complaint

Mr M complains Monzo Bank Ltd didn't do enough to protect him when he fell victim to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here.

In brief summary, Mr M was introduced to a cryptocurrency investment opportunity by someone he met through online dating. Over a period of around three months, he sent nearly £85,000 to this investment from his Monzo account, via legitimate cryptocurrency exchanges, using his debit card. The scam was unravelled when he tried to withdraw his profits and was asked to send more funds for money laundering reasons, but despite doing this, he then still wasn't able to withdraw.

Monzo didn't agree to refund Mr M as it said the money went to accounts in his own name. Our investigator partially upheld this case as she considered Monzo should've intervened on the sixth payment made, and it could've prevented Mr M's losses from that time. But she said Mr M should also hold responsibility for the loss, so reduced the redress by 50%. She set out a table of all the payments sent and credits received for this scam in her view and neither party has disputed these.

Mr M accepted her outcome. Monzo disagreed and asked for a final decision. It didn't agree it should be held responsible. So the complaint has been passed to me for a decision.

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.

On reviewing this case, I'm in agreement with the investigator that this case should be upheld, for the reasons given and in the way she outlined. I'll give details of my reasoning for agreeing with this.

Reviewing Mr M's account history, in the six months prior to this scam, Mr M's highest balance was under £400 and the highest payment out of the account was £371. When Monzo temporarily blocked a payment early-November 2022, it reported that he'd moved over £58,000 into the account. And it was clear at this time he'd spent the vast majority of this on cryptocurrency (for this scam).

Looking at his full account activity from 1 February to 31 December 2022, Mr M's total outgoings were c.£122,500 from this account. While Mr M's loss to the scam is around £85,000, we know he made a £4,000 payment five times that did leave his account, but then was returned. So looking at his statements as a whole, nearly £105,000 of the c.£122,500 he sent out in 2022 went to cryptocurrency – and this was all between September and early

December 2022. I cannot agree that this is not unusual account activity or not something Monzo should've have discussed with him at some stage, in line with regulatory rules and guidance, relevant codes of practice and good industry practice at the time. So I've then considered when it should've done this.

Considering the very low-level activity on Mr M's account, I agree with the investigator that the sixth payment he sent towards this scam should've triggered an intervention. This was the third payment he'd sent that day and meant he'd spent nearly £5,000 on cryptocurrency that day alone. It also meant he'd also spent nearly £10,000 on cryptocurrency in five days, which is very different account activity to his normal spending.

I've seen Mr M's correspondence with the two scammers he spoke to and from this I think a proportionate intervention by Monzo would've been able to stop this scam. I consider this to be a conversation with Mr M about the payment, so Monzo could understand what Mr M was doing, why his account activity had changed so much and if he was possibly the victim of a scam; fraud; or going to suffer financial harm.

Monzo has disagreed it ought to have contacted Mr M about these payments. It considers the fraud checks it did do were proportionate in this case. For the reasons set out above, I can't agree. Mr M did suffer a loss due to these payments going through, as we can see they were moved to the scammer. While a level of investing in cryptocurrency may not be suspicious, there are clear factors in this individual case that mean Mr M's activity was suspicious and unusual. And this behaviour should have put him in the 'risk of a scam category', as Monzo has referred to it. Monzo should've been aware of these kind of cryptocurrency scams by this stage. So I'm satisfied a conversation was appropriate and something Monzo needed to do before allowing the payment.

Mr M didn't have experience of this kind of investing, and had he mentioned the returns he'd been told about, I'm confident Monzo would've known this was a scam investment. He searched for this specific cryptocurrency investment opportunity after someone he met through online dating had recommended it. And initially he couldn't find the investment website with the details the scammer gave. So Mr M would recall it being difficult to find and not being a firm he'd known about before or researched. The point of intervention above was also fairly early on in their relationship, so I'm satisfied that some questions from Monzo about the purpose of the payment alongside some scam education, would've highlighted this opportunity had the hallmarks of a scam and prevented Mr M sending more funds.

I've then considered whether Mr M should hold some responsibility for the losses in this case. Mr M has accepted he should be 50% liable for the losses, as per our investigator's outcome. But for completeness, I will address why I'm in agreement that this is right.

While I accept this was a romance scam and empathise with Mr M's position, reviewing his chat history with the scammer, I think there were red flags he ignored. The scammer does start pushing investing in cryptocurrency through one website early on and keeps checking if he'd registered for it once he says he will. She keeps bringing cryptocurrency up in the conversation throughout their relationship, to Mr M's frustration at times. The amount the scammer tells Mr M she is making is highly unrealistic and I think this should've concerned him. There are also some issues with how to send the funds for Mr M and I can't see he does proper research into the scam investment firm before parting with a large sum of money. So I consider it is appropriate to deduct 50% from the refund for contributory negligence.

Putting things right

Monzo Bank Ltd should:

- Refund 50% of the payments Mr M sent to this scam from the 6th payment sent for £1,100 on 6 September 2022 – minus any previously identified credits received. Our records show the last payment to this scam was made on 8 December 2022 for £251.02
- Pay 8% simple interest per year on each payment from the date of loss until the date of settlement

My final decision

I partially uphold Mr M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 April 2024.

Amy Osborne
Ombudsman