

The complaint

Mr D has complained Monzo Bank Ltd did nothing to intervene and stop payments he made which turned out to be part of a cryptocurrency investment scam.

What happened

In 2023 Mr D was approached out of the blue and presented with investment opportunities.

Someone from this company helped him to set up arrangements to send money to a crypto wallet. Payments firstly went to genuine crypto platforms before then going to the fraudsters, Mr D was added to a social media group where he chatted regularly with the person scamming him.

He was told he'd need to pay 10% of his investment portfolio to release funds. He tried to make a payment of £8,732 on 8 December 2023 using his Monzo account. Monzo blocked the payment and during the chat that followed confirmed they were "*certain, it's a scam*". This payment didn't proceed, and Mr D implied he accepted this advice but within a couple of days tried to make payments to another genuine crypto wallet. Monzo contacted him when he tried to make the first payment of £5,000 and provided specific advice about these scams.

Mr D decided to proceed and made three payments to the same wallet. Two payments were for £5,000 and the third was for £1,350.

Mr D then realised he'd been the victim of a scam.

Mr D engaged representatives who contacted Monzo on his behalf to complaint about the scam and Monzo's lack of intervention.

Monzo never properly responded to Mr D so he brought his complaint to the ombudsman service with the assistance of his representatives.

Our investigator confirmed he wasn't going to ask Monzo to refund Mr D. He felt Monzo had provided specific and relevant warnings to Mr D who intended to make the payments regardless.

Mr D has asked an ombudsman to review his complaint. His representatives have continued to argue that Monzo should not only have intervened but stopped the transactions Mr D was making.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of

probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Mr D was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through.

There's no dispute that Mr D made and authorised the three payments totalling £11,350 from his account with Monzo to a crypto wallet.

I'm satisfied the disputed transactions were authorised under the Payment Services Regulations 2017

Our starting point is that banks are required to follow their customer's instructions. But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in 2023 that Monzo should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I'm satisfied that Monzo ought to have recognised that these payments carried a heightened risk of financial harm from fraud. Therefore, a proportionate response to that risk would have been for Monzo to have intervened.

It is clear from the evidence submitted to our service by Monzo that they intervened during the payment journey. They contacted Mr D for further information when he attempted to make a payment for £8,732 before these three payments. At this stage, based on the call between Mr D and Monzo, it's clear Monzo warned Mr D this was a scam. I understand why Monzo would have thought he'd taken their advice. Mr D closed the call by saying he'd be thinking about what to do and dig further. I believe this would have suggested to Monzo that Mr D had taken on board their advice.

Monzo then intervened when Mr D tried to make the first payment for £5,000, I can see that specific warnings were provided to Mr D. The key statement was the warning "*if anyone sends you a link to move your money to a different wallet that means you are going to lose your money, so make sure it's always in your own wallet*".

I'm afraid I believe that as Mr D wasn't convinced by what is a relevant and clear warning, then I think he was determined to make these payments despite the risks he knew he was running.

Overall, I don't think it would be fair and reasonable to ask Monzo to refund Mr D.

My final decision

For the reasons given, my final decision is not to uphold Mr D's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 January 2025.

Sandra Quinn
Ombudsman