

The complaint

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

What happened

In 2023 Ms B approached a crypto investment company after seeing an advert on social media.

Someone from this company helped her to set up arrangements to send money to a crypto wallet. They did this by using remote software which allowed them to see what Ms B was doing when setting things up. Payments firstly went to genuine crypto platforms before then going to the fraudsters.

At the beginning of December Ms B tried to make a payment of £5,000. Monzo intervened and told her *“we believe the payment of £5,000 ... is likely as the result of a scam”*. This payment didn't proceed.

Ms B decided to make four payments to a different crypto wallet. Two payments were for £1,000, one was for £4,000 and the final payment was for £275.

When Ms B wanted to take some of what she believed were her profits, she found that she couldn't and realised she'd been the victim of a scam.

Ms B engaged representatives who contacted Monzo on her behalf to complaint about the scam and Monzo's lack of intervention.

Monzo never properly responded to Ms B, so she brought her complaint to the ombudsman service with the assistance of her representatives.

Our investigator confirmed she wasn't going to ask Monzo to refund Ms B. She felt Monzo had provided specific and relevant warnings to Ms B for a prior payment which hadn't been made and therefore Ms B intended to make the payments regardless.

Ms B has asked an ombudsman to review her complaint. Her representatives have continued to argue that Monzo should not only have intervened but stopped the transactions Ms B 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.

Ms B was scammed and has lost an amount of money. She has my sympathy about what she has gone through.

There's no dispute that Ms B made and authorised the four payments totalling £6,275 from her 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. 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 these transactions were completed through open banking and therefore Monzo did not intervene. I suspect this mode of accessing Ms B's account will have been deliberate by the fraudsters to minimise the chance of detection.

However, I can see that Monzo intervened when Ms B tried to make a payment of £5,000 a few days before the first two payments of £1,000 and £4,000 were made. I think based on the evidence I've seen that this payment was linked to the crypto activity Ms B was carrying out so I believe that I can consider this and take this into account when making my decision.

Our investigator provided a copy of the chat between Ms B and Monzo at the time of this transaction was attempted so I'm satisfied that both parties will have had an opportunity to review this. It will therefore come as no surprise to Ms B's representatives when I say that I can see Ms B was provided with a specific warning. There's no dispute she was told this could be a scam.

I appreciate Ms continued to proceed with trying to make payments as she was concerned about her money being frozen and wanted to access what she believed were her profits. But, by this stage, I'm satisfied she should have been aware that this could well result in financial losses. She was provided with warnings by Monzo that relate clearly to how crypto investment scams work. Ms B could have easily spotted the parallels.

I appreciate the fraudsters involved in this type of scam use customers concern and anxiety to encourage them to make payments when they have doubts about whether that's the right thing to do. But in this case I'm satisfied Monzo did enough.

I'm afraid I believe that as Ms B wasn't convinced by these clear warnings, I think she was determined to make these payments despite the risks she probably knew she was running.

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

My final decision

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

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

Sandra Quinn
Ombudsman