

The complaint

Mrs P has complained Monzo Bank Ltd won't refund money she paid to a fraudster.

What happened

During the first national period of lockdown in 2020 Mrs P was considering buying a pet. She researched availability on a well-known website selling pets. After making contact with somebody who was advertising a puppy, she carried out some essential checks into their veracity. Mrs P agreed to pay £200 as a deposit. She sent this money on 8 May 2020 from her Monzo account.

Within a short period Mrs P realised she'd been scammed. She was no longer able to contact the person she'd been buying a puppy from. The online pet site took down adverts from this person as they were in breach of their terms and conditions.

Mrs P contacted Monzo to see whether they'd help her get her money back. Monzo were able to see the money had been moved from the recipient's account as soon as it had been received. They believed that Mrs P had ignored effective warnings about scams so didn't refund her. Mrs P brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. Although Monzo aren't a signatory to the Contingency Reimbursement Model code, they had agreed to apply the principles of the code to these types of cases. On that basis he didn't believe Mrs P had ignored an effective warning about a potential scam and had a reasonable basis to believe the transaction she was carrying out was genuine. He asked Monzo to refund £200 along with 8% simple interest.

Monzo didn't agree with this outcome. They asked an ombudsman to consider Mrs P's complaint.

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.

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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I explain below why I've reached the outcome I have.

The Contingency Reimbursement Model code which came into play in May 2019 fits the bill when I consider relevant standards and codes of practice. There's no dispute the payment Mrs P made – an authorised push payment for £200 to another UK-based account – is

exactly the type of transaction covered by the code. Mrs P was duped by a third party into sending money in exchange for goods which turned out not to exist. In other words the payment Mrs P made was an APP scam.

The starting point is that a customer's bank should reimburse the victim of an APP scam. There's two main aspects which I should take into account here. Firstly whether Mrs P ignored an effective warning about a scam; and then whether Mrs P made the payment without any reasonable basis that this was genuine.

Monzo showed us the warning that Mrs P would have seen before completing her transaction. To be considered effective, any warning needs to be specific rather than just generally warning that scams happen. Monzo's warning was general in its terms – and as Mrs P had already carried out reasonable checks into the person she was dealing with and the puppy she thought she was buying – I can understand why Mrs P didn't believe that it applied to her.

Monzo has also drawn attention to the clear warnings that the pet website used. These specifically told individuals to make sure they didn't make any purchase before seeing the pet they were buying. But I don't believe Mrs P acted unreasonably in not doing that. It's worth looking at the time she was making this purchase. She'd have been acting illegally by travelling unnecessarily and mixing with people outside of her household grouping. I don't think it's unreasonable that Mrs P followed relevant government guidance at the time.

Overall I believe Monzo should reimburse Mrs P under the CRM code.

Putting things right

Monzo will need to pay back £200 to Mrs P. 8% simple interest will need to be added to this amount.

My final decision

For the reasons I've given, my final decision is to instruct Monzo Bank Ltd to:

- Reimburse Mrs P by paying her £200; and
- Add 8% simple interest to that amount from 8 May 2020 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 7 July 2021.

Sandra Quinn
Ombudsman