DRN-3038184

Financial Ombudsman Service

Complaint

Mr P is unhappy that Monzo Bank Ltd didn't reimburse him after he told it he'd fallen victim to a scam.

Background

Mr P has an account with Monzo. In August 2020, he saw an advert for a used car and made enquiries. I understand he met the seller, viewed the car and decided he was happy to go ahead with the purchase. He used his Monzo account to pay a £100 deposit on 26 August 2020 and the balance of £10,000 on 30 August.

When Mr P attempted to make the payment, he received a warning on the Monzo app telling him that it had failed a Confirmation of Payee check – that is, the name he gave on his payment instruction didn't match the one on the account he was paying. He clarified the account details with the seller and then processed the payment.

Shortly after collecting and using the vehicle, Mr P discovered that the car had a device attached which meant that the mileage displayed on its odometer was most likely inaccurate. He contacted the seller and explained that he wanted a refund. The seller refused. He said that he wasn't the only person to have owned the car and that he hadn't been responsible for fitting the device.

He contacted Monzo and asked it to help. It said it wouldn't refund the payment because it didn't accept that Mr P had fallen victim to a scam. Instead, it said that this was a civil dispute between him and the seller of the car. Mr P was unhappy with this response, so he referred a complaint to this service. It was looked at by an Investigator who didn't uphold it. The Investigator agreed that this was likely a civil dispute and so Monzo wasn't required to refund the payment.

Mr P disagreed with the investigator's opinion. He said that he didn't realise that the payment was being made to a business account, rather than a private individual. If he'd known that, he wouldn't have gone ahead with the payment.

Because Mr P disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

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 agree with the investigator's conclusion that this should be treated as a civil dispute rather than a scam.

I should be clear at the outset that I'm only considering whether Monzo has met its obligations in its interactions with Mr P. That doesn't mean that the seller of the car hasn't done anything wrong or that Mr P isn't entitled to redress from them directly. I can't make any finding on that point, but Mr P may want to take independent legal advice to explore his options.

Under the relevant regulations and codes of practice that apply to this case, Monzo is expected (subject to certain conditions being met) to refund its customers if they fall victim to a scam. However, it's not required to do so in response to a civil dispute.

The key thing I need to consider here is what the intentions of the seller of the car were. The device fitted to the car alters the reading on the odometer. There's a good chance any assurance Mr P was given about the mileage of this car wasn't accurate – but that doesn't automatically mean that this was a scam. I have no way of knowing for sure whether the device was fitted by the seller or the seller knew about it. On the balance of probabilities, I can't say that the seller had a clear intention to deceive or defraud Mr P.

It's also significant that the other evidence that's been provided doesn't suggest the seller was a scammer either. The investigator requested information from the seller's bank account which showed that no other reports had been made alleging fraud and that the account was used in a way that was consistent with it being operated by a used-car business.

Mr P says that he thought he was dealing with a private individual selling a car, rather than a limited company. He also claims that the seller lied about the circumstances that led to the vehicle being sold. He says that this evidence shows that he was scammed and that if Monzo had warned him about this, he wouldn't have made the payments.

I've considered this point carefully, but I'm not persuaded by it. Mr P might find it unusual that the car would be sold in that way, but I don't think it's relevant in terms of determining whether the seller had intended to scam him.

I'm also not persuaded that Mr P would've opted against making the payment if he'd known that he was paying a company. I've seen copies of the messages he exchanged with the seller which show that, when he attempted to make a payment, the name of the intended recipient didn't match that on the account he was paying. He queried this with the seller and speculated that it might be a business account. The seller said that the account was his – but it's not clear whether he was describing it as his personal account or an account of a company of which he was a director.

But Mr P did receive a warning that the account details didn't match. It's not clear how much detail would've been displayed on that warning, but he already thought there was a chance he was paying a company account anyway and was happy to proceed with the payment.
I find it very unlikely that he'd have chosen to not go ahead with the purchase if Monzo had specifically told him the account was controlled by a limited company, rather than a private individual.

Mr P obviously feels very strongly about the outcome of this case and I sympathise with his position. He's spent a significant sum of money on the car, but if it was described in a misleading or inaccurate way, it would be appropriate for him to take that up directly with the seller of the car.

Final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 27 October 2021.

James Kimmitt
Ombudsman