

## **The complaint**

Miss M complains that Monzo Bank Ltd will not refund the money she lost after paying for some items she did not receive.

## **What happened**

Miss M had found a seller who claimed to be selling branded items from well-known retailers at half-price. The seller was using an account on a popular image and video sharing social media website. Miss M explains that a friend shared the link with her. The friend told her they'd been able to buy a phone for just one third of the normal price.

Miss M says she watched the account for a while and the seller posted messages that seemed to show orders were being made for other people. She decided to go ahead.

Miss M ordered several items and sent several payments between 8 June and 11 June 2021. All were sent by Faster Payments bank transfer from her Monzo account. The payments ranged in value from £50 to £220. In total she sent £630.

Miss M expected the items to arrive on 11 June. But by the following morning nothing had turned up. She was blocked by the seller on social media, and realised she'd been scammed. Miss M reported what had happened to Monzo on 12 June, and asked Monzo to carry out a chargeback.

Monzo said the chargeback process could only be used for card payments. It said that wasn't an option for bank transfer payments like the ones Miss M had made. However, it did contact the bank that held the receiving account and told it to see if it was still possible to recover Miss M's money. Unfortunately, the other bank said that the money had already been moved out of the account - on 11 June. By the time Miss M had reported the scam, all that remained to be recovered was the sum of £0.78.

Monzo also considered the payments Miss M had made under the Lending Standards Boards' Contingent Reimbursement Model Code (the CRM Code). The CRM Code provides additional protection when customers fall victim to push payments such as this one. But Monzo didn't think Miss M had taken enough care to check the seller was legitimate before she'd sent the payments. It had also shown her a scam warning that said not to go ahead if something seemed too good to be true. So Monzo said it wasn't going to reimburse her for the money she'd lost.

Miss M complained about this. When Monzo said it wasn't willing to change its position, she referred her complaint to our service for an impartial review.

Our investigator looked into what had happened. She asked Miss M what checks she'd done into the seller before sending them money. Miss M told her that the seller had just explained they had discounts for several major retailers. The seller hadn't told Miss M how that was possible, and she hadn't asked. She hadn't known the seller, but had gone off what other people appeared to be saying about orders in the seller's social media posts.

The investigator thought Monzo didn't need to refund Miss M. She said Miss M hadn't had a reasonable basis for believing the seller was legitimate.

Miss M didn't agree. Monzo agreed she'd been scammed but wasn't refunding her. She didn't think this was right or fair.

Miss M has asked for an ombudsman to review her complaint, and the matter has been referred to me to make a final 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 be good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Miss M in line with the provisions of the CRM Code it has agreed to adhere to and whether it ought to have done more to protect Miss M from the possibility of financial harm from fraud.

There's no dispute here that Miss M was tricked into making these payments – she was the victim of a scam. But this isn't enough, in and of itself, for her to receive a refund of the money under the CRM Code. The Code places a level of care on Miss M too.

Before I look at this under the CRM Code, I should confirm that Monzo is correct in what it told Miss M about the chargeback process. Unfortunately, this process isn't available when payments are made by bank transfer – it can only be applied to card payments. So it just wasn't an option for Miss M here, she'd sent all of these payments by bank transfer.

#### *The CRM Code*

Monzo has agreed to adhere to the provisions of the Lending Standards Board Contingent Reimbursement Model (the CRM Code). If Monzo doesn't refund a scam victim under the CRM Code it needs to establish that the customer failed to meet their requisite level of care under one or more of the listed exceptions set out in the CRM Code.

Here Monzo says Miss M didn't do enough to check the seller was legitimate. It says it can therefore decline to reimburse Miss M based on the following exception:

- In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was

legitimate.

There are further exceptions within the CRM Code, but they do not apply in this case.

I've carefully considered all the evidence and what Miss M has said to the investigator and to Monzo. Having done so, I'm satisfied that Monzo has been able to establish it can rely on this exception. That means it doesn't need to reimburse Miss M for the money she lost to the scammer. I'll explain why.

Firstly, Monzo says it gave a scam warning. It said: "Could someone be trying to scam you" and "Stop if ... The offer sounds too good to be true". Miss M has said she read the warning but thought the seller seemed genuine.

While the warning was very relevant to this scam, I don't consider it met the minimum requirements of an 'effective warning' under the CRM Code. In saying that, I don't find Monzo needed to provide an 'effective warning' here. The scam risk wasn't readily apparent based on just the payments Miss M was making – after all she didn't speak or chat with Monzo at the time.

So the scam warning Monzo gave was relevant here, and Miss M does acknowledge reading it. I also think it's fair to say it did prompt Miss M to consider if the seller was genuine (she says she thought the seller was) as well as if the deal might be too good to be true.

Miss M was trying to buy items through a social media site that's not really designed to allow the sale of items – it was originally set up as a way of sharing photos and videos. Also, the accounts are not held in the person's real name. All of this means it is difficult to check whether what someone is posting is trustworthy or not.

The posts Miss M put her trust in appeared to show the seller was fulfilling orders for other people. But that seems to all have been based on what the seller was willing to allow to appear on their social media feed. As happened with Miss M, it seems likely that the seller blocked their victims before they could post negative comments. Again, that is a risk of buying through a website without seller rating systems or other buyer protections.

In short there wasn't much she could place her trust in, given the control the seller seems to have had over what would be shown on their page. So knowing that, I think Miss M really needed to be on her guard here.

However, the information the seller provided her with, apparently showing the items she was buying, seems to have just been in the form of a screenshot from the webpages of the actual retailers. There's nothing to suggest the seller was doing anything more than just posting copies of those webpages and there was nothing to indicate the seller actually had access to those items. I don't think this should have given Miss M reassurance that what she was being promised was likely to be true.

There also were some significant warning signs here. The seller claimed to be able to get discounts of half-price with several major retailers. Some of the items Miss M was purchasing aren't commonly sold at such a big discount. So this seems slightly unlikely. But Miss M didn't ask the seller how this was possible.

I think in reality these deals were too good to be true. And the evidence provided by the seller was insubstantial and couldn't be relied on. I don't think Miss M had seen enough to have reasonable confidence that the seller would provide the items promised – or in short, that the seller was legitimate or genuine.

Overall, I'm really sorry to hear of what's happened to Miss M. I can understand why she wants to do all that she can to try and recover the money she lost through this scam. She sent her money in good faith and did not receive anything in return for it. Money was already tight for her, so she was left in a difficult position.

But I can't fairly hold Monzo responsible for the actions of a scammer. I can only look at the bank's position on Miss M's fraud claim and its assessment under the CRM Code. I'm satisfied the bank processed Miss M's payments correctly in line with her instructions and it did all it could to help her once it knew what had happened. For the reasons I've explained, Monzo has established it can choose not to refund Miss M under the CRM Code. I can't fairly ask Monzo to do more than it has done. And so I don't think Monzo is liable to reimburse Miss M for what was lost to the scammer – either under the CRM Code or for any other applicable reason.

### **My final decision**

For the reasons given above, my decision is that I don't uphold Miss M's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 April 2022.

Stephen Dickie  
**Ombudsman**