

The complaint

Mrs M complains Monzo Bank Ltd won't reimburse money she lost when she fell victim to a scam.

The full details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll recap the key points and focus on giving reasons for my decision:

- Mrs M was looking to invest and came across an advert on a social media platform after being referred to a broker by her son, who received a cash bonus for the referral. She checked the business' website, looked at reviews and spoke with an existing customer who had made profit and had made a successful withdrawal. She spoke with an agent of the firm who came across as knowledgeable and genuine. She was able to invest and was not pressured to invest more. In May 2020, Mrs M invested a total of £450.
- In June 2020, her son started to experience delays when trying to withdraw funds. Then calls with her were cancelled and the website was experiencing technical difficulties; a very short time later the website disappeared as did any messages on the social media platform. It was at this point Mrs M realised she had been the victim of a scam and reported it to Monzo.
- Monzo declined to reimburse Mrs M as it wasn't persuaded she had done enough to ensure she was paying a legitimate business. Our investigator upheld the complaint as she was satisfied Mrs M had a reasonable basis for belief in who she was paying and so she was due reimbursement under the Lending Standard Board's Contingent Reimbursement Model (CRM). Monzo disagreed that Mrs M had a reasonable basis for belief and so it asked for 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.

Having done so, I agree with the conclusions reached by the investigator, for the following reasons:

- Although not a signatory Monzo has agreed to adhere to the CRM. The CRM says customers who are victims of authorised push payment fraud should be reimbursed except in limited circumstances. Those exceptions are:
 - The customer ignored an effective warning in relation to the payment being made.
 - The customer made the payment without reasonable basis for believing that:
 - The payee was the person the customer was expecting to pay
 - The payment was for genuine goods or services; and/or
 - The person or business with whom they transacted was legitimate.
- Monzo has explained it isn't relying on whether it provided an effective warning to Mrs M in deciding not to reimburse her. Rather it doesn't believe she had a reasonable basis for belief. So I have considered this.

- It isn't enough for Mrs M to believe she was paying a legitimate person/business for genuine goods or services, she had to have a *reasonable* basis for belief.
- Monzo has sought to argue that social media platforms aren't used by genuine investment brokers. It argues the social media platform is not a place to find investment opportunities and that other people falling victim to a similar scam isn't enough to find any basis for belief was reasonable. It considers customers ought to educate themselves before investing and Mrs M ought to have checked whether the broker was regulated. It says the evidence relied on by Mrs M came from the scammers and she ought to have checked third party sites for reviews.
- I can see the business said it was a trading broker for people who only wanted to invest small sums. It isn't strictly true that legitimate businesses don't use social media platforms – they do, to advertise. So I don't think Mrs M being recommended a broker that advertised on social media ought to have alerted her to something being wrong. Her son had had some success with the broker, and Mrs M took steps to speak with another customer before investing, and they'd had a positive experience also. I accept that customer may have been 'planted', although that's far from certain, but that wouldn't have been known to Mrs M. She also looked at online reviews, checked the business website and spoke with 'staff'. So she took several steps before investing. That Mrs M could have checked reviews with different sites isn't that persuasive – third party sites such as trust-pilot can also have 'fake' reviews.
- Although accepting Mrs M could have done more – as can most customers - overall, I'm not satisfied Monzo has established she didn't have a reasonable basis for belief that she was paying a legitimate person/business for genuine goods or services. It follows that I'm not persuaded the exception for reasonable basis for belief applies to Mrs M, such that Monzo can choose not to reimburse her.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Monzo Bank Ltd to:

- Reimburse £450 to Mrs M (less any funds since recovered); and
- It should add 8% simple interest per year to that sum from the date it declined to reimburse Mrs M, to the date of settlement (less any lawfully deductible tax).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 6 June 2022.

Claire Hopkins
Ombudsman