

The complaint

Mr M is unhappy that Monzo Bank Ltd (Monzo) didn't do more to help him after he fell victim to a scam and lost £1,326.25 as a result.

What happened

The facts of this case are well-known to both parties, so I don't need to repeat them at length here. In summary:

- Mr M was looking to lease a vehicle.
- He'd been following a company on a social media platform for several months and made contact via the social media page about a car he was interested in leasing.
- All contact with the company and individual were made via the social media page.
- Mr M says he checked the social media page hadn't been newly set up and he'd checked the company website. He also checked the company on Companies House to make sure the company existed. He said after doing so, all appeared to check out.
- Within the messages between Mr M and the individual at the company, Mr M enquired about the car he wished to lease on a three-month term. He was sent a link to an application form which Mr M confirmed he'd completed.
- Following this, Mr M made a payment £1,326.25 on 8 February 2021, which was made up of £946.89 (3 months' deposit) and the first month's payment of £315.63 plus an administration fee of £63.73. The payment was made to the details provided to him – which was for a personal account. Mr M's said the personal account didn't cross his mind at the time – that he was sending the payment to the individual he was communicating with and who was arranging the leasing of the car.
- Within the communication, Mr M was told that once the payment was made the paperwork would be finalised.
- Following the payment, Mr M checked with the individual at the company and was told the payment hadn't arrived in the account. He was told in order to process the hire application further and deliver the car, Mr M would need to send the payment again.
- Mr M contacted Monzo about the payment and reverted to the company to let it know the payment had been sent. After the individual at the company maintained the payment would need to be sent again, Mr M became worried he'd been scammed and informed Monzo of this the same day.

Monzo didn't agree to refund Mr M, as it felt that he hadn't taken enough steps to check who he was paying and what for.

Monzo isn't a signatory of the Lending Standards Board Contingent Reimbursement Model (the CRM Code) but has explained that it is committed to applying the principles set out in it. The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. Monzo says one or more of those exceptions applies in this case. It says Mr M made the payment without having a reasonable basis for believing he was dealing with a legitimate car hire company and that the payment was for genuine goods/services.

In summary, it has said:

- The interaction was solely on the social media platform and that while legitimate companies do use such platforms for marketing purposes, it would never conduct business via private messages.
- That Mr M failed to notice the website he looked at wasn't a genuine commerce platform and the website had broken links.
- That while Mr M had searched Companies House there is nothing to indicate the company he searched was linked/connected to the social media profile he was interacting with.
- The payment was sent without seeing a leasing/hire agreement or signing a contract.
- The payee details given to make the payment were for a personal account. Monzo state it would expect the payment to be made to a business account.

Monzo felt all these things together, were flags Mr M ought to have picked up upon and made him realise it wasn't a legitimate business being dealt with.

Monzo contacted the receiving bank to try to recover the money, but no funds remained in the recipient account.

Mr M brought his complaint to our service as he wasn't happy with Monzo's decision. One of our investigators looked into it and recommended the complaint be upheld. He didn't believe Monzo had fairly assessed Mr M's claim under the CRM Code and said it hadn't been able to establish Mr M didn't have a reasonable basis for believing he was making a legitimate payment to lease a car.

As Monzo disagreed the case has been referred to me for a final decision. In brief, Monzo's reasons for asking for a decision are largely for the same reasons which have been outlined above.

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 am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Mr M lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- In the circumstances Monzo should fairly and reasonably refund the money Mr M lost.
- The money was taken from Mr M's current account, so Monzo should pay 8% simple interest on these funds from the date it declined the claim to the date of settlement. I am mindful Mr M transferred £663 into this account prior to making the payment, but given that the money he lost to this scam would have otherwise remained in his account and/or would otherwise have been spent – Mr M has been deprived of the use of this money. So, I find 8% simple interest on these funds to be fair and reasonable.

I'm satisfied that Monzo has not shown that Mr M lacked a reasonable basis for believing that the payment was legitimate for the following reasons:

- Mr M told us he followed the car leasing/hire company on the social media platform for several months and had checked that the account was not newly opened. I recognise it has been difficult for Mr M to evidence this, but I do note he has been consistent in his testimony to us and so, I've seen no reasons to doubt what he has told us. The company advertised cars for leasing/hire on the page. I don't think it is uncommon for companies such as this, to use social media platforms to advertise its business. Monzo in its submission also appears to agree with this. Nor do I find it so unusual or uncommon for businesses such as the one involved in this case, to communicate over such social media platforms. And on balance, I don't think this in and of itself ought to have given Mr M reason to think there was anything untoward about the social media profile he'd been following.
- Mr M also checked the company website and said he was satisfied it was genuine as he didn't see any spelling errors or language mistakes. And while I've not been able to access the website myself, there doesn't appear to be a dispute from either party that there was a company website. Monzo has commented there were broken links within the website which it thinks ought to have been a flag to Mr M and that it wasn't a commerce platform. Our investigator was able to view the website and was satisfied, that on an initial view of the website, this would have appeared genuine. In situations such as this where there are contradictions or the absence of evidence, I have to reach my decision on balance. This is what I think is more likely than not to have happened in light of all the circumstances. I recognise there is a difference in opinion between Monzo and our investigator about the website's appearance. But I think the existence of a website added credibility to the legitimacy of the company. And, on balance, I'm persuaded that Mr M didn't notice any oddities, like our investigator on initial view of the website, because had he done so I don't think he would have proceeded. I also have to keep in mind that Mr M also checked the company on Companies House and saw the company was registered. Monzo have said there is nothing to indicate the company he searched was in anyway connected to the social media profile he was interacting with, as the Companies House filing doesn't include any website or matchable data. While I appreciate what Monzo has said, I'm not persuaded Mr M ought to have picked up on this or equally have been concerned by this. I say this because, from Mr M's perspective, I'm persuaded seeing the company's name on the filing would have satisfied him that the company was legitimate. Given that he'd also checked the company's website and was satisfied this was also genuine – together I think would've added credibility to the legitimacy of the company. Considering all these things together, I don't think the website or Companies House would have likely displayed the hallmarks of a scam to an ordinary lay person. It follows that I'm persuaded all the above would have reassured Mr M that he was dealing with a legitimate lease/hire company rather than cause concern.
- Mr M told us he has rented cars before and has also leased a car previously. Given Mr M's prior experience, the request for a deposit (of three months lease payments) upfront, along with the first month's lease payment and administration fee didn't appear unusual. I also don't think the payments requested would have appeared inconsistent with the process of a genuine hire/lease company. And so, I think this would've added to Mr M's basis for belief that what the individual/company had asked of him was consistent with his previous experience of leasing a car and that he was dealing with a genuine company. Having read the communication between Mr M and the company prior to him making the payment, overall, I don't think there was anything within this contact prior to making the payment that ought to have caused Mr M concern or would have appeared concerning to him.

- I've also thought about the price of the car lease/hire Mr M was asked to pay - £315 per month. Having done so, I don't think the price was unreasonable or "too good to be true". From what I've seen the price Mr M was asked to pay appears to be within the range of a reasonable amount for the vehicle he was looking to lease/hire. So, I don't find the price requested to be so good that it would've been so obviously a scam. Given the price is within a reasonable amount for the lease/hire for such a car, I think this would've added credibility that he was dealing with a genuine lease/hire company.
- I'm mindful Monzo has raised Mr M made the payment to a personal account and not a business account. I'm not persuaded this point in and of itself ought to have indicated to Mr M that the company was not legitimate. I say this because Mr M made the payment to the individual he'd been speaking to and who he believed was arranging the lease/hire for him. When making the payment Mr M received a positive confirmation of payee 'match' which I think would've reassured Mr M that his money was going to the person he was intending it to go to and, in turn added believability that he was dealing with a genuine company and making the payment for the purpose of leasing a car.
- Monzo has also highlighted that Mr M sent the payment without seeing a leasing/hire agreement or signing a contract. While I've thought carefully about this, having seen the communication between Mr M and the company via the social media profile, I can see he specified what car he was looking to lease – that the terms and price for the car were provided within this communication and, that Mr M was told the paperwork would be finalised once the payment was made. He'd filled out the application form via the link sent to him which he's told us involved him providing his personal details, salary and expenses. I'm persuaded this would've led to Mr M's belief that the finalised paperwork was on its way to him.

So with all the above in mind, I don't think Monzo has shown that Mr M lacked a reasonable basis for believing that he was making a genuine payment to lease a car or that he wasn't transacting with a legitimate person/company and therefore, it should've reimbursed him.

My final decision

My final decision is that I uphold this complaint. I therefore direct Monzo Bank Ltd to pay Mr M:

- the money Mr M has lost - £1,326.25 – within 28 days of receiving notification of his acceptance of my final decision; plus
- 8% simple interest per year on that amount (less any tax deductible) from the date Monzo Bank Ltd declined Mr M's claim under the CRM Code to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 April 2022.

Staci Rowland
Ombudsman