

The complaint

Mr B complains that Monzo Bank Ltd will not refund all of the money he lost when he fell victim to a vehicle purchase scam.

What happened

The circumstances of this complaint are well known to both parties, so I won't repeat them in detail here. Briefly, Mr B found a van listed for sale on an auction website. Unfortunately, he was interacting with a fraudster who tricked him using the details of a genuine van. Mr B was duped into paying a deposit of £1,000 by bank transfer.

Monzo is not a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams like this one except in limited circumstances.

Monzo says it can choose not to reimburse Mr B because he paid the deposit without a reasonable basis for believing the sale was legitimate. It says he didn't take enough steps to check who he was paying and what he was paying for. Monzo accepted that it did not contact the receiving bank quickly enough when Mr B first reported the scam. In its final response letter, it said it would refund 50% of the money lost.

Mr B thought the bank should have refunded it all and referred his complaint to us. Our Investigator said Monzo should have fully reimbursed Mr B. She noted the seller gave him no cause for concern as they answered his questions and seemed knowledgeable. She placed weight on the fact they had spoken on the phone more than once and pointed out the seller had positive reviews on the auction website. She didn't think it was unreasonable for Mr B not to have physically inspected the van given it was a long round trip from where he lives. She noted that Mr B had done a vehicle history check online and that the bank account details he'd paid matched the name of the seller he thought he was dealing with. She added it was sensible of Mr B to pay a deposit to hold the van rather than the full amount.

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'm satisfied that, adhering to the CRM Code, Monzo should have refunded the full £1,000 Mr B lost. I'm not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.

I've carefully considered all Monzo's representations about whether Mr B had a reasonable basis for believing the purchase was genuine. It has recently highlighted that Mr B did not check the vehicle with the DVLA, that he did not view it in person and that he didn't follow the steps explained on the auction website so did not do enough to keep himself safe. But I'm not persuaded, in all the circumstances, that Mr B failed to take the requisite level of care required for Monzo to choose not to reimburse him under the terms of the CRM Code.

Weighing everything up, I don't think it would have been evident to Mr B that there was a risk with this purchase. The seller appeared to have a well-established profile on the auction website and the price of the van was realistic. The seller was forthcoming with a name, address and phone number and planned for Mr B to view the van. In one of the text messages Mr B has provided, the seller told him that the deposit was refundable. I think all of this when taken together would have lulled Mr B into a false sense of security. I don't think Mr B missed any obvious red flags that should have indicated to him there was a possibility that the van was not available or that the seller was not genuine.

Monzo has far superior knowledge of what scams like this look and feel like so it's not surprising that it can think of further steps and checks that Mr B could have taken to try and protect himself. Mr B has explained that he proceeded after being satisfied with the communication with the seller and after he'd undertaken his own research. People don't want or expect to be scammed and I think Mr B took reasonable and appropriate steps to try and protect himself. The information Mr B had indicated he was buying a van from a legitimate seller. I don't consider he had any reason to think the seller would not keep to their side of that bargain. The fact that the bank can think of additional things Mr B could have done does not mean that he did not do enough. I'm also mindful that Monzo ought to be aware that fraudsters often use details of genuine vehicles so that even further checks aren't guaranteed to show up concerns. Overall, I don't think Mr B's actions fell below the level of care expected of him in this situation.

Putting things right

- I understand that Monzo has already refunded half of the loss. In the circumstances, Monzo should therefore fairly and reasonably refund the remaining £500 to Mr B.
- It's not clear how Mr B would have used the money if Monzo had refunded it when it ought reasonably to have done. So it should also pay interest on the outstanding £500 at the simple rate of 8% per year (less any tax properly deductible) from the date Monzo declined Mr B's full claim to the date of settlement.

My final decision

I uphold Mr B's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 May 2022.

Claire Marsh
Ombudsman