

The complaint

Miss C is unhappy that Monzo Bank Ltd won't refund her after she lost money to a purchase scam.

Background

Both parties are aware of the circumstances of the complaint, so I won't repeat them all here. But briefly, both parties accept that in July 2021 Miss C made a payment transfer of £200 to an individual she believed was selling festival tickets. Unfortunately the individual was in fact a fraudster and Miss C received nothing in return.

Miss C had begun corresponding with the individual via a social media platform after querying on the platform's forum page if anyone had tickets for sale, as she was looking to purchase one for a friend. The fraudster responded advising he had a ticket that he'd purchased, intending to go himself, but had since realised the minimum age restriction was 18 and as he was still 17, he didn't want to risk it. The fraudster explained he was aware there were lots of 'scammers' about, so sent Miss C details of all his social media pages, his email address, home address, a copy of his passport and a letter addressed to his home, to demonstrate he was a 'genuine seller'. The fraudster also provided a screenshot of the ticket he claimed to have, which was shown from a genuine ticket operator's website. The fraudster asked Miss C for her friend's email to provide to the ticket operator to transfer the ticket.

Miss C explained she checked the fraudster's social media page and found nothing concerning. Having already bought a ticket herself for the same festival, Miss C also thought the price being offered was in line with what she'd expected to pay. On this basis she agreed to proceed with the sale. The fraudster had initially told Miss C he accepted PayPal, but when completing the sale, advised her it wasn't working. On this basis Miss C agreed to pay by bank transfer.

When attempting to make a transfer to the fraudster, Miss C received a message from her online banking to confirm the payee details she'd provided didn't match the account name registered. The warning read as follows:

'Details don't match account

The name you entered doesn't match the name on the records...

If Miss C clicked to continue, the next screen read:

Could someone be trying to scam you?

If you're not sure, cancel this payment. Once you make a payment, it's almost entirely impossible for us to get the money back.'

Miss C questioned the fraudster on this – he explained the account was a children's account and he wasn't sure if it was registered in his birth name or the surname his mother had later changed his to. After two failed attempts, the fraudster suggested Miss C send the payment directly to his mother and provided a woman's bank details with a differing surname. This

time the payment details were confirmed as matching and Miss C made the payment. When making the payment, Miss C received the following warning message from Monzo:

'New payee warning

Could this payment be to someone trying to scam you? If you have any doubts (for example you don't personally know the recipient) get some advice.

Bear in mind that once you make a payment, it's almost impossible for us to get the money back.'

Miss C would've needed to confirm she'd understood this message before receiving this further warning:

'Could someone be trying to scam you?

Stop if:

- *You were told your account is at risk, to make an unexpected payment, or to take out a loan*
- *The offer sounds too good to be true*
- *You haven't double-checked who you're paying*
- *You were told to ignore warnings like this*

You may lose money if this is a scam

If you're still at all unsure, stop and get advice.

We'll never call you out of the blue'

Again Miss C needed to confirm she wished to continue with the payment in order to proceed.

When Miss C didn't receive a ticket and questioned the fraudster, he provided fake documentation from his bank suggesting it was processing a refund. A page was also created on the social media platform Miss C had sued warning about this seller and others who had fallen victim to the same scam. Realising she'd been the victim of a scam herself, Miss C contacted Monzo to make a claim.

Monzo has committed to follow the Lending Standards Board Contingent Reimbursement Model (CRM) Code (although it isn't a signatory) which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. Monzo says one or more of those exceptions applies in this case.

Monzo considers Miss C didn't have a reasonable basis for believing she was making a genuine purchase. It said Miss C should've completed more checks to confirm the legitimacy of who she was paying. It also considers Miss C ignored an effective warning it provided during the payment process.

Miss C feels she should be refunded and so has referred her complaint to us. An investigator looked into the complaint and thought it ought to be upheld, with Monzo providing a full refund. As Monzo disagreed with the investigator's view, the complaint has been passed to me 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 am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Miss C 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 Miss C lost.
- The money was taken from Miss C's current account. It is not clear how Miss C would have used the money if Monzo had refunded it when it should have done, so Monzo should also pay interest on the money it should have refunded at 8% simple per year from the date Metro Bank decided not to refund Miss C under the CRM Code to the date of payment.

I have carefully considered Monzo's representations about the warning it gave and whether Miss C had a reasonable basis for believing the transactions to be genuine. But they do not persuade me to reach a different view. In particular I am not persuaded that Miss C failed to take the requisite level of care required for Monzo to choose not to reimburse under the terms of the CRM Code.

In this case I'm satisfied that the requirements of the effective warning exception were not met because:

- For a warning to be effective under the CRM Code, it needs to be specific to the scam the individual fell victim to. In this case, most of Monzo's warning isn't specific to the scam, so I don't think it would have had the required impact on Miss C's decision making. Miss C wasn't told her account was at risk, the price of the tickets she was paying was in line with what she was expecting and she wasn't told to ignore warnings like this. I therefore don't think the warning on the whole would have resonated with Miss C as being relevant to her.
- The only part of the warning that has any relevance to Miss C's circumstances is the guidance to double check who you're paying, but I don't consider this alone makes the warning effective for this scam – it doesn't set out other key hallmarks of purchase scams to be specific enough to Miss C and therefore lacks the impact required to be effective under the Code.

I'm also satisfied that Monzo has not shown that Miss C lacked a reasonable basis of belief because:

- The fraudster provided a lot of personal information about the individual they purported to be, to build Miss C's trust in them that this was a genuine person she was communicating with. I can understand why, in the circumstances of this complaint, Miss C would be reassured by this, as you wouldn't expect someone to provide details of their address and all their communication platforms if they planned to not provide what they'd promised.
- I entirely appreciate that Miss C went on to pay someone different to who she thought she was communicating with – but I think the circumstances surrounding this were plausible. Miss C had rightly questioned previous account details not matching the intended recipient, which the scammer provided a reasonable response to. He then suggested Miss C pay his mum – whose account details did match. While the

surname may have differed to who Miss C had been speaking to, I don't consider it to be a particularly unusual situation for a mother and son to have differing surnames. I also don't realistically think there was much Miss C could've done to check the legitimacy of this claim. I think in Miss C's mind, she had done all she could to check the person she was corresponding with was genuine, she'd checked his online platform and had several pieces of identification. I think that with this in mind, Miss C was reasonable to conclude he was acting in a genuine and legitimate capacity at this point, and therefore what he was telling her was truthful.

- Monzo has stated that it's not enough to explain why someone fell victim to a scam – and that you must also argue the steps they took to prevent themselves from falling victim. However I don't agree with that statement – failure to undertake validating actions should not in itself lead to a decision not to reimburse – it's important a firm views a customer's actions in context of the overall circumstances. In this case, Miss C was provided with a lot of persuasive information to convince her in the first instance that this was a genuine seller – freely receiving identification from them, apparent evidence of them owning a ticket and a plausible reason why the ticket was for sale. In any event, when faced with potential 'red flags' such as payee details not matching the intended account, Miss C *did* question this and received answers that I think were fair for a person acting reasonably to accept as true.
- Monzo has said that the genuine ticket platform the scammer claimed to have purchased from had a resale option that clearly showed tickets can only be paid for with debit and credit cards, that tickets weren't currently for sale and that Miss C moved the chat away from this platform to a less trusted and monitored platform to complete the sale. However, Miss C has explained that the 'resale' option wasn't yet open for this particular festival, as that only happens nearer the time of the event and that she knew this from having been numerous times. Miss C never spoke to the fraudster on the ticket platform, only through a different social media platform and so didn't choose to move her chat away from a more trusted source. I also don't think the ticket platform's accepted payment options are therefore relevant, as Miss C wasn't ever choosing to pay through this platform – she had agreed with the seller that he would transfer the ticket over through the ticket platform after payment, which is an entirely different service the ticket operator offers.

I therefore don't think there was anything about how this sale was agreed that demonstrates Miss C didn't show due diligence, particularly considering the relatively low value of the payment she was making and therefore the comparable checks I would expect a customer to conduct.

So in summary, I'm not persuaded that Monzo has shown that Miss C lacked a reasonable basis of belief for making the transaction in question, or that it provided her with an effective warning before making the payment. Monzo should therefore refund the funds Miss C lost to the fraudster.

My final decision

For the reasons I've explained, my final decision is that I uphold Miss C's complaint against Monzo Bank Ltd. I require Monzo Bank Ltd to:

- Refund Miss C the £200 she lost to the scam
- Pay 8% simple interest, from the date Monzo declined Miss C's claim under the CRM Code to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 July 2022.

Kirsty Upton
Ombudsman