

The complaint

Miss C complains Monzo Bank Ltd didn't reimburse the money she lost when he was tricked into paying for an item she did not receive.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail here. But briefly, both parties accept that Miss C was the victim of a scam when she attempted to purchase two tickets for a music concert which she'd seen advertised for resale on a social media platform.

Having seen the supposed seller's posting, Miss C had contacted them via online chat. The seller confirmed the ticket details and price of £120 (in line with what Miss C was expecting). The seller also provided a screenshot which showed what appeared to be a purchase receipt for the tickets Miss C wanted. This therefore appeared to Miss C to indicate the seller had got the tickets they were selling.

The seller gave Miss C payment details and Miss C sent a payment of £120 by Faster Payments transfer from her Monzo account.

However, the tickets weren't sent to Miss C, and the seller stopped responding to her. She reported the matter to both Action Fraud and Monzo as a scam.

Monzo didn't refund Miss C. It didn't dispute that she had been the victim of a scam but said that she hadn't exercised sufficient caution when making the payment.

Monzo isn't a signatory of the Lending Standards Board's Contingent Reimbursement Model CRM Code (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 said one or more of those circumstances (or exceptions) applies in this case. It said Miss C made the payment without having a reasonable basis for believing she was paying a legitimate seller for a genuine item. It didn't think the evidence Miss C had relied on was sufficient to have given her unequivocal proof of this.

One of our investigators looked into Miss C's complaint and thought it ought to be upheld. The investigator didn't believe Monzo had fairly assessed Miss C's claim under the CRM Code. He didn't agree that Monzo had been able to establish that Miss C made the payments without a having a reasonable basis for believing she was making a legitimate purchase from a legitimate seller. He thought that Miss C had taken sufficient care in the circumstances.

Monzo maintained its position. So, I have been asked to make a final decision on the outcome of Miss C's complaint.

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 sent from Miss C's Monzo current account. It is not clear how Miss C would have used the money if Monzo had refunded it when it should have done. But if Monzo had refunded the money when it ought reasonably to have done, Miss C would not have been deprived of it for the time she has. So, Monzo should also pay interest on the balance not yet refunded at a rate of 8% simple per year. This interest should apply from the date Monzo first declined to refund Miss C, to the date of settlement.

I find that Monzo has been unable to show that Miss C made these payments without having held a reasonable basis for believing she was paying a legitimate seller for a legitimate item. I consider the steps Miss C took were proportionate in the circumstances of this transaction.

I've taken into account the evidence provided by both sides. Under the terms of the CRM Code, the victim of an APP scam such as this should be reimbursed unless the bank is able to establish that one (or more) of the limited exceptions to reimbursement can be applied.

Monzo argues that Miss C relied on evidence that didn't prove the seller was genuine. It comments that anyone could provide a picture of what appear to be concert tickets, and that this is in no way definitive proof that the seller was the true owner or that Miss C would have received them.

Monzo goes on to say that even if it is accepted that there were no better steps Miss C could (or should) have taken to verify the legitimacy of the transaction, that doesn't mean she'd done enough to have a reasonable basis for believing what she did. Rather - it says she simply should have not gone ahead.

I agree that none of the evidence Miss C obtained provided conclusive proof that the seller was legitimate – nor could it. But that is not the test required under the CRM Code. Monzo, if it wishes not to reimburse Miss C under the provisions of the CRM Code, must establish she made the payment without a reasonable basis for believing this was legitimate, in all the circumstances.

And while none of the steps she took gave conclusive proof, I'm satisfied the evidence indicates that Miss C had taken reasonable and proportionate steps given the nature and value of the purchase amongst the other circumstances. There was nothing specific here that I consider should have been a glaring red flag that all might not have been as it seemed. Had there been, then I might find Miss C shouldn't have gone ahead without being able to reassure herself through further checks. But based on the evidence provided to me I am not persuaded there was anything here that ought to have prompted such concerns. This would have appeared a legitimate transaction at the time.

In short therefore, I find Monzo hasn't been able to establish that Miss C made this payment without having a reasonable basis for believing she was making a legitimate purchase from a genuine seller for a genuine item.

It follows that I am not satisfied Monzo has established that it can fairly rely on the relevant exception to reimbursement under the CRM Code, and Monzo should now reimburse Miss C under the provisions of the CRM Code.

My final decision

For the reasons outlined above, I've decided it is fair and reasonable to uphold Miss C's complaint about Monzo Bank Ltd. I therefore require Monzo Bank Ltd to pay Miss C:

- The balance of the money lost through this scam, being the sum of £120 less any sums already reimbursed or otherwise refunded; and,
- 8% simple interest per year on that amount calculated from the date the bank originally declined Miss C's claim until 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 28 October 2022.

Stephen Dickie
Ombudsman