

## **The complaint**

Miss L is unhappy that Monzo Bank Ltd hasn't reimbursed the money she lost after she fell victim 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 L was browsing a genuine social media page that sells designer shoes, when she saw a pair she liked and left a comment on the picture. A few minutes later, Miss L received a private message on the same social media platform, from who she believed was the shoe seller, advising her the shoes were on sale and asking if she wished to purchase them.

Unbeknownst to Miss L at the time, this contact was actually from a fraudster who had created an account to look the same as the genuine page Miss L had just been viewing. The name of the fraudster's page was the same as the genuine one, but with one additional letter in its name. The fraudster's profile photo was also the same logo as the genuine company, but a different colour. Miss L has explained that as the name and logo of the fraudster's page was so similar, and having just commented on the genuine page, she believed she was speaking to that same company. Miss L has also explained she'd bought in the past from the genuine seller's website, so had no concerns of their legitimacy.

Miss L didn't initially intend to purchase the trainers in question, but says the fraudster lowered the cost and said they wouldn't be sold at this price again. Miss L agreed on this basis to purchase the trainers and was given account details to transfer the funds to, with an account name that appeared to match that of the genuine business. After sending the funds, the fraudster offered Miss L other trainers for prices that seemed too good to be true. At this point, Miss L became suspicious and realised the discrepancy in the name of the page she was being contacted by. Miss L contacted Monzo straight away to raise a fraud 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 L didn't have a reasonable basis for believing she was making a legitimate purchase or speaking to a genuine seller. Monzo has accepted it didn't provide Miss L with an effective warning, but as the payment Miss L made was relatively low value, doesn't consider it was required to. Miss L 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.

## **My findings**

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 fully refunded the money Miss L 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 L lost.
- The money was taken from Miss L's current account. It is not clear how she 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 it declined the claim under the Code to the date of payment.

I agree with Monzo that as the payment Miss L made was relatively unremarkable in value and there were therefore no clear risk indicators for fraud, it wasn't required to provide Miss L with an effective warning under the CRM Code.

However, I've also considered Monzo's representations about whether Miss L had a reasonable basis for believing this transaction to be genuine and I'm not persuaded that Miss L failed to take the requisite level of care required for Monzo to choose not to reimburse under the terms of the CRM Code.

Monzo has said that Miss L completed no checks on the individual who contacted her until after sending the money. It says when Miss L did check the fraudster's social media page, she very quickly realised it was a scam but failed to do this before making the payment. While Miss L had bought from the genuine page before, Monzo considers that as this previous sale was conducted via the company's website, it ought to have raised red flags that Miss L was being asked to pay this time by bank transfer through the social media site. It also considered the way the fraudster interacted with Miss L and dropping the price should've raised concerns for a company that specialise in sourcing sought after goods. While it agreed that the timing of Miss L's message on the genuine site added to the scam, it argued that anyone in the world could've seen the comment Miss L left and responded.

While I appreciate the points Monzo has made, I don't think it takes the unfolding of the scam into context fully. Miss L had left a comment on the genuine site's page minutes before receiving contact from the scammer, who was clearly monitoring the page for opportunities to defraud. I think it's fair to say that as Miss L had successfully used this company before, and not being an expert in fraud and scams, the notion that, by posting, she may have left herself more vulnerable to scammers wouldn't have crossed her mind. Therefore, when receiving contact from a page that had almost the exact same name and logo, and citing the trainers Miss L had just shown interest in, without already having some doubts about the page's legitimacy I don't think it's unreasonable that Miss L assumed this was the same business she had just interacted with, without feeling the need to check.

Monzo has argued that the fraudster's interactions with Miss L are no different to anyone leaving a review on a large, established business' website, then being hassled to buy products, but I disagree with this logic. Firstly I don't consider the business models are comparable – there are thousands of smaller businesses now using social media as their largest method of advertisement and sales and for these businesses that rely on this method of sale more heavily, I don't think it's wholly unusual for them to make contact with a customer after interest is shown in a product. The price I've seen Miss L paid for the trainers

also wasn't unrealistic – being similar to what I've seen the trainers being sold for on other genuine, online luxury websites.

I appreciate that when Miss L previously bought from the genuine seller, she did so directly through its website, but as I've mentioned, I don't think it's unusual for smaller businesses to accept payments also directly through its social media. From reviewing the genuine seller's page, I can see it also encourages social media messages, mobile phone instant messaging, as well as website contact. Miss L was also given an account name similar to the genuine business' name to send funds to. Unfortunately the account she sent funds to didn't support the recently introduced 'Confirmation of Payee' service that allows banks to confirm whether account names match the intended recipient. Miss L was therefore unable to know that the account details she entered didn't match the recipient account.

In summary, I'm not persuaded that Monzo has shown Miss L didn't have a reasonable basis for believing she was making a genuine purchase. Monzo should therefore refund the funds Miss L lost to the fraudster in full.

### **My final decision**

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

- Refund the £245 Miss L lost to the scammer
- Pay 8% simple interest, from the date Monzo declined Miss L'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 L to accept or reject my decision before 25 July 2022.

Kirsty Upton  
**Ombudsman**