

## The complaint

Miss T complains Monzo Bank Ltd won't refund money she lost as a result of a scam.

## What happened

On 5 July 2022, I issued my provisional decision on this complaint. I wanted to give both sides an opportunity to provide further information in advance of my final decision. That provisional decision forms part of this final decision and is copied below.

### *What happened*

*In April 2021, Miss T responded to a text message that appeared to come from a well-known online retailer. The text message asked her to confirm her account details, which she did.*

*The following day someone attempted to use Miss T's card. Shortly afterwards she received a call from someone pretending to be from Monzo. A text message which also appeared to come from Monzo followed a couple of minutes later. The caller advised her that her Monzo account was at risk and asked whether she had any other accounts linked to it. Miss T said she had an account with another bank, which I'll call N. She then received a text message and a call, apparently both from N.*

*Miss T says she was told she'd need to move all of her money from her account at N to her Monzo account in order to keep it safe. After she moved £6,142.28 from her accounts at N to Monzo, she received another call, this time seemingly from Monzo again.*

*Miss T says that the caller advised her they'd need to upgrade her Monzo account. They kept her on hold for around 30-40 minutes before the call was cut off and, when it finished, Miss T was unable to log in to her account.*

*It is undisputed that during the last call a transaction of £6,001.04 debited Miss T's account. Miss T denies having made this transaction but when she reported the matter to Monzo, it concluded, based on its electronic records, that she must have carried it out. So, it declined her claim for reimbursement. It did, however, manage to recover £3,009.90 from the recipient account, which was returned to Miss T.*

*Miss T referred the matter to our service and one of our investigators upheld it. They thought that Miss T had consented to the payment from her Monzo account but the transaction was so out of character and unusual for her that Monzo ought to have questioned it before it was*

*allowed to leave her account. Had they done so, the investigator concluded, the loss would have been prevented.*

*Monzo disagreed. It said it had to base its decision on Miss T's account of events and that was that she hadn't carried out the transaction in dispute. It was satisfied that wasn't the case. In any event, it didn't agree that it should have intervened to prevent the*

*transactions as its systems had 'acted as expected'.*

*As no agreement could be reached, the case was passed to me for a final decision.*

*What I've provisionally 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.*

*The Payment Services Regulations 2017, as well as the terms of Miss T's account, mean that, in the first instance, she is presumed liable for transactions which she has authorised. Here, there is a dispute about whether the transaction which debited Miss T's account was authorised by her, so that's the first question I've considered.*

*Did Miss T authorise the payment which debited her Monzo account?*

*The evidence I've seen satisfies me that the payment was made from Miss T's device. That is the device that she has used extensively prior to the fraud. There is no identifiable difference in the activity surrounding the payment in dispute and previous undisputed activity. As I'm satisfied that the transaction was made from Miss T's device (which was in her possession at the time), there are only two plausible explanations of how this transaction could have taken place. The first, and most straightforward, is that Miss T made the payment herself. The second is that someone in control of her device made it. I've considered the latter possibility but Miss T makes no mention in her account of events of anyone else having control of her device and she specifically denies that she was asked to download any software on to her device that might allow a third party to control it. Therefore, I have to conclude that it's more likely than not Miss T made the payment.*

*In addition, considering that the fraudster initially advised Miss T that her Monzo account was insecure, it seems more consistent with what they claimed to be happening that they would ask her to move her money from that account to another, safer, account.*

*However, the fact that I think the most likely version of events here is not entirely consistent with what Miss T has told us is not fatal to her claim for reimbursement. I'll explain why.*

*Should Monzo refund Miss T for any other reason?*

*It's first important to say that I'm satisfied, despite the inconsistencies highlighted above, that Miss T was the victim of a scam. She's provided documentary evidence to show the calls and text messages she received which are largely consistent with her account of events.*

*Monzo doesn't appear to have ever suggested Miss T wasn't the victim of a scam either. It's clear from its notes that it believes she was. The only part of her claim which it doubts is her denial of the authorisation of the final transaction.*

*Monzo is not a signatory to the Lending Standards Board Contingent Reimbursement Model "CRM Code" which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. But it has agreed to act in accordance with it. So, I've considered Miss T's claim in line with the CRM Code.*

*Because Monzo hasn't considered the complaint under the CRM Code, it hasn't*

*provided any reasons why Miss T's claim shouldn't succeed. If it wishes to do this, it should do so in advance of my final decision.*

*I've considered whether Miss T met her 'Requisite Level of Care' under the Code. As Monzo hasn't provided any evidence of warnings Miss T might have seen while making the payment, I cannot consider whether she ignored an Effective Warning (one of the exceptions to reimbursement under the Code).*

*I've gone on to consider whether Miss T had a reasonable basis for belief in making the payment. In doing so, I've thought about what I think is more likely than not to have happened and I've considered all of the circumstances leading up to the final transaction.*

*The first point to note is that Miss T says she responded to a fraudulent text message in the days prior to the scam and she disclosed her debit card information. This explains how someone was able to attempt to use her card earlier on the day of the scam, following which Miss T blocked her card.*

*So, it doesn't appear to have come as a particular surprise when Miss T received a phone call from someone pretending to be Monzo. This was received on a number which hadn't been impersonated or 'spoofed' to appear like it was coming from Monzo. However, moments later a text followed, which did appear to come from a genuine Monzo number. It's a little unclear why the text followed rather than preceded the call. Nonetheless, I think a text message which appeared to come from Monzo would've been quite persuasive, particularly given that Miss T believed that her account was at risk. I don't think it was unreasonable for Miss T to believe that the contact she received was a reaction to, rather than a continuation of, the fraud.*

*I've thought about whether it was reasonable for Miss T to believe that Monzo and her other bank were in some way linked. I note that the caller said that they'd check with N that her account was secure and what followed was a text message which again appeared to come from a phone number genuinely associated with N.*

*The text message from N followed by the call, would, I think, have been quite convincing evidence that the two banks were communicating and her account at N was at risk.*

*Miss T spoke at length with the caller claiming to be from N. They said her money wasn't safe at N, only at Monzo. This strikes me as an odd claim – given that she'd initially been contacted because of concerns about the security of her Monzo account. However, I've already concluded that I think Miss T did make the final transaction from her Monzo account. So, I think it's actually more likely than not that she was advised to move all of her money from N, to her Monzo account and onto a new safe account.*

*The first payment from Miss T's account at N to her account at Monzo was made within ten minutes of the call being received. But the second payment took quite a lot longer. I understand Miss T had a limit on the amount she could transfer from her account at N and this could only be removed with a card reader (which Miss T did not possess). Evidence that Miss T has supplied from N shows that the payment was made via the telephone (presumably as a way round this limit). I think it would have been quite persuasive for Miss T that the caller was (eventually) able to make this payment on her behalf despite the limits on her account (even if she had disclosed security information to them).*

*Just minutes after the second payment was made Miss T received another call from the same person who'd called earlier claiming to be from Monzo. The number wasn't*

*spoofed,*

*but Miss T was expecting the call, so I don't think it unreasonable for her not to have challenged the caller at this point.*

*The disputed payment took place 12 minutes later, but the call lasted 54 minutes. Miss T says that during this time the caller claimed to be securing her account and setting up a new one. I'm not sure what happened during this call, but I do think that Miss T made the payment from her account in the belief that she was protecting her money. I suspect the caller held her on the line to give the recipient more time to spend the funds from their account.*

*Overall, though I think this is a fairly finely balanced case, I'm persuaded that Miss T did have a reasonable basis for believing that the recipient of the payments was genuine. In particular I think the way the fraudsters were able to seemingly demonstrate that her account was at risk by attempting to use her card and were able to impersonate some of the genuine contact numbers of both Monzo and N would have been convincing for her, despite the unusual nature of some of the requests the fraudsters made.*

*I also think that Monzo, taking into account its obligations to protect its customers from financial harm from fraud, ought to have considered the payment that Miss T made to have been suspicious. It cleared the entire balance of her account and she hadn't made any similar payments in the previous six months. Had it questioned her about the payment then, in the absence of any evidence to the contrary, it seems likely that Monzo would have been able to quickly identify that Miss T was at risk of financial harm from fraud and prevented the loss.*

*The money in question came from Miss T's ISA account at N, so interest should be paid at the same rate she would have achieved had the money remained where it was. Interest should be paid from the date of the payment to the date of settlement. I ask Miss T to provide evidence of that interest rate in advance of my final decision.*

*My provisional decision*

*I intend to uphold this complaint and instruct Monzo Bank Ltd to pay Miss T:*

- *The amount lost, minus the funds that have already been recovered - £2,991.14*
- *Simple interest per annum at the rate Miss T would have achieved had the money remained in her ISA at N*

Other than to provide evidence of the interest rate applicable to her ISA account, Miss T provided no further submissions.

Monzo, in its response, again said that the complaint should be considered based on what Miss T told them had happened. And, as she said that she didn't carry out the transaction in dispute, the CRM Code was not relevant.

### **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.

I have little to add to my provisional decision. I agree with Monzo that the CRM Code only covers transactions authorised by the customer. In this case I've concluded, as Monzo did, that Miss T authorised the transaction in dispute. It follows that the CRM Code is (subject to

other requirements) relevant to the transaction. Miss T's testimony (or, more precisely, one part of Miss T's testimony), is just one piece of evidence available.

I've made my decision based on all of the evidence available. Monzo's submissions have not changed my mind about what is more likely to have taken place and, as it has provided no submissions in relation to Miss T's liability under the CRM Code, my final decision remains essentially unchanged from my provisional decision.

In relation to interest, Miss T has provided evidence that the current interest rate on her ISA account is 1%. She's also provided statements from immediately after the disputed transaction. Those statements suggest a rate a little lower than 1%. However, for simplicity's sake and taking into account the fact the rate is likely to have changed over time, as well as what I think is fair in the circumstances of this case, I think 1% simple per annum is a reasonable award of interest.

### **My final decision**

I uphold this complaint and instruct Monzo Bank Ltd to pay Miss T:

- The amount lost, minus the funds that have already been recovered - £2,991.14
- 1% simple interest per annum from the date of the disputed payment to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 August 2022.

Rich Drury  
**Ombudsman**