

The complaint

Mr T is unhappy that Monzo Bank Ltd won't refund him after he 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 February 2021 Mr T made a payment transfer of £460 to an individual he believed was selling PlayStation 5 consoles. Unfortunately the individual was in fact a fraudster and Mr T received nothing in return.

Mr T had seen what appeared to be a business page on a social media site, selling clothing and electrical goods. He's explained he searched the company name online and found a website, which reassured him the company was legitimate. He said the social media page also had 12,000 followers and a number of positive reviews, with apparent evidence of customers receiving their goods, so believed the page to be genuine.

Mr T contacted the page and asked if there were any PlayStation 5s in stock and was told there were four left, for £460 each. After discussing the delivery process, Mr T agreed to purchase one and was provided with a business name, account name and account details to transfer the payment to. The account name Mr T entered matched with the genuine account holder. After making the payment, Mr T was told the payment hadn't been received by the accounts team and was asked to send the funds again. Mr T realised at this point he'd been the victim of a scam, and contacted Monzo to raise 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 Mr T didn't have a reasonable basis for believing he was making a genuine purchase. It said Mr T should've completed more checks to confirm the legitimacy of who he was paying.

Mr T feels he should be refunded and so has referred his 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.

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 refunded the money Mr T 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 Mr T lost.
- The money was taken from Mr T's current account. It is not clear how Mr T 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 Mr T under the CRM Code to the date of payment.

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

I'm also satisfied that Monzo has not shown that Mr T lacked a reasonable basis of belief. Monzo has said the price Mr T paid was too good to be true and that while this was the recommended retail price, resale costs at the time were around double. While I appreciate there were some individuals (and businesses) charging much more than the retail price for these products, there were also a number of businesses choosing to continue to sell the console at retail value and that while the console was harder to come by at this standard price, it was still possible to if businesses had received stock that day. I therefore don't think the price was unrealistic in the unusual circumstances for this product at the time.

Monzo also considers that corresponding on social media and accepting payment through direct transfers are concerning ways for a business to act. However I think it's becoming increasingly common for genuine businesses, particularly smaller ones, to conduct business in this way, and while these certainly can be hallmarks of a scam, particularly for someone with more knowledge of these scams, I certainly don't consider the two are synonymous with each other.

So in summary, I'm not persuaded that Monzo has shown that Mr T lacked a reasonable basis of belief for making the transaction in question. Monzo should therefore refund the funds Mr T lost to the fraudster.

My final decision

For the reasons I've explained, my final decision is that I uphold Mr T's complaint against Monzo Bank Ltd. I require Monzo Bank Ltd to:

- Refund Mr T the £460 he lost to the scam
- Pay 8% simple interest, from the date Monzo declined Mr T's claim under the CRM Code to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 August 2022.

Kirsty Upton
Ombudsman