

## **The complaint**

Miss S complains that Monzo Bank Ltd has declined to refund the loss she incurred when she fell victim to a property rental scam.

## **What happened**

In 2022, Miss S was looking for a larger rental property to move to with her family. She found one that looked suitable advertised on a social media marketplace and she made contact to obtain more information.

The supposed landlord replied in a detailed email. The property listing was for a 3-bedroom, 2-bathroom semi-detached house in northwest London. It was described as having parking and being fully furnished, including appliances. The rental price quoted was £1,350 inclusive of all utility bills, high speed internet, and council tax. A security deposit of £1,000 was also required.

When Miss S asked how she could view the property, she was told that the seller was working out of the country, but they were letting the property through a well-known property website, and the tenancy would be handled by an agent. The landlord told her they had over 40 reviews.

After exchanging messages, including photo identification, Miss S was sent an email with the details and a link to make the payment. It seems there were problems with the email she received, and she had to ask for it to be resent.

However, when it was resent and Miss S clicked the link to reserve the house, it seems her web browser blocked the website. She told the landlord a warning message showed saying: *'deceptive site ahead'* and queried: *"is something no good"*.

The landlord simply said they weren't sure what was wrong. They gave the suggestion of trying another device. When Miss S did, it seems to have worked as expected.

Miss S then queried the requirement to pay now. She pointed out she hadn't seen the property and wouldn't be moving in until the following month. The landlord didn't provide an explanation but replied that she had to make the payment now.

Miss S again queried why. She reiterated she'd not even seen the property yet and the earliest move in date was a month away. Miss S asked what guarantee there was that it was true. She was told that once her payment was verified an agent would contact her to arrange a viewing, and that she should check the payment invoice to see the details.

It appears Miss S then sent the payment, covering the deposit and the first month's rent, a total of £2,350. She made this payment by Faster Payments transfer from her Monzo account to an account in the name of a limited company. Miss S believed this to be the agent administering the letting.

She received a receipt by email again mimicking the website, together with contact details

for the supposed agent and was told they'd be in contact.

But the agent's details turned out to be false, and they did not make contact. The supposed landlord stopped responding and blocked Miss S's messages. Around a week later, having reported the matter to the Police, Miss S notified Monzo, calling to report the scam on 15 February 2022.

The next day, Monzo attempted to recover Miss S's money, but by this point none remained in the receiving account, having been fully removed less than a day after she'd made payment.

Monzo isn't a signatory of the Lending Standards Board Contingent Reimbursement Model CRM Code (the CRM Code) but has explained 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 exceptions applies in this case. It said Miss S made the payments without having a reasonable basis for believing she was paying a legitimate landlord for a genuine rental. In particular, Monzo didn't think the evidence Miss S had relied on was sufficient to have proved this.

One of our investigators looked into Miss S's complaint and thought Monzo was entitled not to refund her the money she'd lost. He thought Monzo had fairly assessed her claim under the CRM Code.

Miss S asked for the matter to be looked at afresh by an ombudsman. Her case has now been referred to me to reach a 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.

I'm sorry to hear about what happened to Miss S. She has lost a considerable sum through this scam. I can understand why she feels so strongly that her losses should be refunded to her.

However, while I have sympathy for Miss S in what happened, I have to recognise that the principal cause of her losses here were the scammers who deceived her. I must also take into account that Monzo has a primary obligation to carry out the payment instructions its customers give it. As a starting point, a customer is therefore assumed liable for a payment they have instructed to be made.

As I've mentioned above, the CRM Code provides additional protection for the victims of APP scams. I'm satisfied that the payment Miss S made falls within the scope of the CRM Code. But despite offering additional protections, the CRM Code includes provisions allowing a firm not to reimburse APP scam losses fully in some circumstances.

Relevant here, those circumstances include where the customer made a payment without a reasonable basis for believing that the person the customer was dealing with was legitimate, providing a genuine service, or that the payee was the person the customer was expecting to pay.

Monzo says this exception applies here. It reviewed Miss S's claim against the CRM Code, but it didn't think it was required to reimburse her.

In deciding this complaint, I must first determine whether Monzo has established this exception to reimbursement can be fairly applied – in other words, that Miss S made the payment without having a reasonable basis for believing it was legitimate. I have carefully considered everything Miss S has submitted as well as the evidence submitted by the bank.

This scam had some features that made it seem more genuine, such as the emails mimicking those of a genuine property website. But there were other features that I think should have led Miss S to have real concerns that all might not be as it seemed.

On the face of it, I don't consider the price was necessarily too good to be true. Based on my own research, it was low relative to comparable properties. This was particularly the case given the inclusion of all utility bills, and council tax within the monthly cost. While I understand Miss S's argument that this did not seem too good to be true, I consider it was low enough that it ought to have prompted additional caution before proceeding in particular when considered alongside the other factors here.

In saying this, Miss S was provided with some information prior to making payment. From what I have seen she was provided with a spoofed email from a large legitimate property website which included a link to make payment.

However, reading the messages Miss S exchanged with the scammer prior to making the payment, it seems to me she identified more than one red flag, or potential cause for concern that all wasn't right.

Firstly, the email containing the link to the property website was blocked on her web browser. Miss S says this generated a warning message explaining that there was a 'deceptive site ahead'.

This was more than a case of the link failing to work or the website not functioning properly. Rather, her browser was attempting to protect her from proceeding to a website that was not what it seemed (which turned out to be a valid concern).

Miss S expressed concern about this – asking the scammer "is something no good". I think she was right to have these concerns, this is not something that would have been usual when interacting with a well-known property website such as she thought this link was taking her to.

Further, after she was able to work around the problem using another device (presumably without that same protection) Miss S repeatedly raised concerns that she was being asked to pay up front. She reiterated to the scammer that this simply didn't make sense to her given she hadn't even seen the property yet, and the earliest move-in date was a month away.

I think again, Miss S was right to have these concerns. What she was being asked didn't seem reasonable. The explanations she was given weren't ones I think should have reassured her. She was simply told she did have to make the payment now, and then when she questioned again, that she could view the property after she'd paid.

So, when Miss S messaged asking where her guarantee was of what was true, I think this reflected her valid and significant concerns about what she was being asked to do. Miss S was justified in having those concerns. While I recognise there were elements of the scam that appeared genuine, I consider these outweighed by the factors that caused Miss S concern. And what the 'landlord' said in response to those concerns didn't explain why Miss S's justifiable concerns weren't validly held.

The low cost of the rental package being offered was undoubtedly very appealing, but I think the combination of all the factors here was sufficient that Miss S ought to have had serious doubts that this was indeed a legitimate landlord offering a property for rent. And I think the evidence to the contrary was relatively limited.

In terms of the CRM Code, where a customer made a payment without having a reasonable basis for believing they were paying for legitimate service from a legitimate merchant, or that they were paying the person they believed they were, then their bank does not need to refund them for their loss even when this was the result of a scam. I think Monzo is entitled to rely on that here – I think it has done enough to establish that Miss S didn't have a reasonable basis for believing this was legitimate.

Based on what Monzo could reasonably have known at the time, this payment wasn't one which would have particularly stood out as being at risk of being connected to a fraud or scam. With this in mind I don't think Monzo needed to give an 'Effective Warning' under the terms of the CRM Code, so I cannot fairly find it at fault for not doing so. And I don't think Monzo needed to take specific steps at the time, such as intervening directly before it would release Miss S's payment.

When Monzo was made aware of what had happened it acted appropriately and tried to recover the funds, although none remained. While I consider it should have acted more promptly in that attempt to recover the funds, any delay wasn't material here – the funds had long since been removed from the receiving account.

All considered, I don't find Monzo is to blame for Miss S's losses. I don't find it is liable to refund Miss S under the terms of the CRM Code.

In saying this, I want to stress that I am very sorry to hear about what happened to Miss S and I am sorry she has lost out here. She was the victim of a scam designed to defraud her of her money. I appreciate that she's lost a significant amount because of what the actions of the criminal scammers responsible. But I can only look at what Monzo was and is required to do. And I don't find Monzo is required to refund her under the CRM Code, nor that the bank was at fault in making the payment Miss S had instructed it to make or for any other reason.

### **My final decision**

For the reasons given above I do not uphold Miss S's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 March 2023.

Stephen Dickie  
**Ombudsman**