

## **The complaint**

Mr A is unhappy that Monzo Bank Ltd won't refund the money he lost after he fell victim to a scam.

## **What happened**

The circumstances which led to this complaint are well-known to both parties and have been clearly laid out in our Investigator's view. So I won't repeat them in detail here. But, in summary, I understand them to be as follows.

On 10 March 2022, Mr A was tricked into making a payment online for £239, for what he thought was the purchase of a Helium Miner. But unknown to him at the time he was dealing with fraudsters. Ultimately Mr A never received the goods he had paid for.

Mr A raised the matter with Monzo. Monzo is not a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams like this one except in limited circumstances.

Monzo looked into Mr A's complaint and issued its final response on 31 March 2022 not upholding it. In summary this was because it said it had complied with its regulatory obligations and it didn't feel Mr A had taken reasonable steps to check who he was paying. It added that it had been unable to recover any of the money Mr A had lost.

Unhappy with Monzo's response, Mr A then brought his complaint to this service. One of our investigator's looked into things and thought the complaint should be upheld. In summary he thought Mr A had carried out sufficient checks under the CRM code, that were proportionate to the amount he was paying and so he thought Monzo should refund Mr A the money he lost, along with interest.

Monzo disagreed with our investigators view. In summary it maintained that Mr A had not carried out sufficient due diligence, that he'd ignored effective warnings and that the price he was paying was too good to be true.

As agreement couldn't be reached, the complaint has now been passed to me for 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 very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to

do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having done so, I'm satisfied that, adhering to the CRM Code, Monzo should have refunded Mr A the £239 he lost. I'm not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case. I'll explain why.

I've carefully considered all Monzo's representations about whether Mr A had a reasonable basis for believing the purchase was genuine. Weighing everything up, I don't think it would have been evident to Mr A that there was a risk with this purchase, I say that because;

- Mr A carried out research before making the payment, reading a number of reviews that he's told us were all positive.
- Monzo argued the price was too good to be true, as it was around a third less than the usual selling price. I've considered this carefully, but I don't think in the circumstances of this case this would constitute the price being too good to be true.
- Monzo has said that the company Mr A paid was different to the company that was selling the item. But Mr A recognised this himself and carried out research on Companies House to check that he was still paying a legitimate company. He also checked that the bank account details he was provided with were for a UK bank, which they were.
- Monzo doesn't think Mr A went far enough here and that if he'd looked further into Companies House it would have been obvious the two companies weren't linked. I disagree with Monzo. We mustn't lose sight here that Mr A is not an expert in how frauds and scams of this nature play out and of how sophisticated they can be. Given it is not uncommon for companies to have different trading names or brands for multiple businesses, I think it was fair and reasonable to have been satisfied and reassured by what he saw.
- This was a sophisticated scam where, before making the payment, Mr A was able to discuss matters with the fraudsters through an online chat function. I can understand how this would have further persuaded Mr A that he was dealing with legitimate sellers.
- Mr A has also told us that some of the alternative websites that he looked at, that were selling the same item, would only accept payment via crypto currency, and he considered that a bank transfer was a safer option. I'm persuaded this further demonstrates that Mr A was taking reasonable steps to try and protect himself from the risk of fraud.

People don't want or expect to be scammed and I think overall Mr A took reasonable, appropriate and proportionate steps to try and protect himself. I don't consider he had any reason to think the seller would not keep to their side of that bargain. The fact that the bank can think of additional things Mr A could have done does not mean that he did not do enough.

Monzo has said the warnings it provided to Mr A before he made the payment were effective. While the warnings, in part, intend to warn customers about potential scams they may be at risk of, I find that they don't meet the definition of an 'effective warning' as set out by the CRM Code. The warnings highlight multiple potential scams. But they don't bring to life what the type of scam Mr A was falling victim to looks like, or highlight the common features of these types of scam.

All things considered, I can see why Mr A would have been reassured, after liaising with the seller and after carrying out the research he did, and I think it fair and reasonable that he thought he was dealing with a legitimate seller for a legitimate item when making the payment. I'm satisfied Mr A took proportionate steps to try and mitigate any risk and that it wasn't unreasonable for him to proceed in making the payment he did. Overall and on balance, I'm not persuaded that Monzo has shown that Mr A lacked a reasonable basis of belief for making the payment, or that he ignored an effective warning.

### **Putting things right**

For the reasons outlined above, Monzo Bank Ltd should now;

- Refund Mr A the £239 he lost as a result of this scam.
- Pay 8% simple interest per year on that amount calculated from the date Monzo Bank Ltd originally declined Mr A's claim until the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 December 2022.

Stephen Wise  
**Ombudsman**