

## The complaint

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

## What happened

The background to this complaint is well-known to both parties, so I won't repeat it all here, But briefly, and based on the submissions of both parties, I understand it to be as follows.

Mr C saw an item for sale on a well-known social media online marketplace, that he was interested in buying. He contacted the seller, by way of messages, and asked if the item was still available. Mr C has said that he had previously purchased items from the marketplace and felt safe using it. He's told us he could see the seller had held an account on the social media platform for some time, and that there were regular posts and comments. Due to the distance between Mr C and the seller, he wasn't able to view the item, but he's said he's bought items before without viewing them, and never had any problems.

Believing everything to be genuine, on 1 November 2021, Mr C went ahead and made a payment for £228 to the bank details provided by the seller. But after making the payment, he became concerned, when he didn't receive any tracking information and he found he was blocked when he tried to message the seller. Unknown to him at the time, Mr C had been dealing with a fraudster and had sent his payment to an account controlled by the fraudster.

Mr C raised the matter with Monzo. It 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 issued its final response to Mr C on 18 November 2021, not upholding his complaint. In summary it said there had been no errors made in handling Mr C's claim. It added that it hadn't been able to recover the money Mr C lost and it didn't feel Mr C had taken enough steps to check who he was paying and that it had given several warnings. Monzo did apologise to Mr C for the waiting times he experienced and credited his account with £25, as a gesture of goodwill in recognition of this.

Unhappy with Monzo's response, Mr C then brought his complaint to this service. One of our investigator's looked into things and thought the complaint should be upheld and that Monzo should refund Mr C the money he lost, along with interest. In summary, our investigator didn't think Monzo had established that it shouldn't reimburse Mr C on the basis that he had ignored an effective warning, nor had it established that Mr C didn't have a reasonable basis for believing he was making a legitimate payment. Our investigator recommended Monzo should refund Mr C the money he lost, along with interest.

Monzo didn't agree with our investigator's view. In summary it didn't agree that it was fair or reasonable for it to reimburse Mr C under the CRM code, it said;

- Somebody having a social media account, doesn't provide any reasonable basis that a stranger on the internet will keep their promise.
- Although Mr C had received items he'd ordered through the marketplace before, this provided no guarantee that any subsequent orders would be successful. And that a good experience with one person, doesn't mean the next person who advertises will also provide a good experience.
- It didn't consider this was a complex scam and there was no reasonable basis for Mr C to believe the seller would be legitimate and provide a legitimate item as promised.

As agreement couldn't be reached, the complaint has 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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded Mr C the money he 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 C lost.
- The money was taken from Mr C's current account. It is not clear how Mr C 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 Monzo decided not to refund Mr C under the CRM Code to the date of payment.

### ***Did Mr C have a reasonable basis for belief when making the payment?***

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

- Mr C saw the item he was interested in on a well-known social media platform's marketplace. He engaged with the seller through a number of messages. From reviewing these messages, I don't consider the seller was applying any pressure (which can often be the indicator of a scam).
- I also don't think the price the item was being sold for could be considered as 'too good to be true', whereby Mr C should reasonably have had doubts about the legitimacy of the item or the seller. Mr C had bought a similar item, for a similar price previously.
- The distance between Mr C and the seller meant it wasn't feasible to view the item before he made the purchase. But where Mr C had received purchased items successfully before, without viewing them, I can understand why he moved passed this without being overly concerned.

- Monzo argue that just because Mr C had used the marketplace before, and had received items as promised before, it wasn't guaranteed that future orders would be successful. I agree. But this doesn't detract from it being understandable and reasonable that somebody who has not been scammed previously and who has successfully used a marketplace before, would have gained a degree of comfort from their previous experiences.
- Mr C took the time to check the seller's profile and was further convinced this was genuine as the seller's profile had been in place for some time and had regular posts and comments. Monzo argue that this doesn't provide any reasonable basis that a stranger on the internet will keep their promise. I agree with Monzo, in that it doesn't guarantee a promise will be kept. But Monzo has failed to recognise that a genuine looking social media platform, that has been open for a number of years, can reasonably contribute to somebody being persuaded that they are dealing with a legitimate seller.

We mustn't lose sight here that Mr C had not been scammed before, and had used the marketplace on multiple occasions previously, without any problems. He is not an expert in all matters relating to frauds and scams, nor about how they work or can play out. The fact that the bank, as a professional in these matters, can think of additional things Mr C could have done does not mean that he did not do enough.

People don't want or expect to be scammed and I think overall Mr C 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.

Monzo has said the warnings it provided to Mr C 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 C was falling victim to looks like, or highlight the common features of these types of scam.

All things considered, I think it fair and reasonable that Mr C thought he was dealing with a legitimate seller for a legitimate item when making the payment. I'm satisfied Mr C 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 C lacked a reasonable basis of belief for making the payment, or that he ignored an effective warning. I can see that Monzo did send Mr C £25 in recognition of Mr C having to wait for Monzo to look into things, which I think was fair and reasonable.

### **Putting things right**

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

- Refund Mr C the £228 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 C'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 C to accept or reject my decision before 29 December 2022.

Stephen Wise  
**Ombudsman**