

## **Complaint**

Mr S is unhappy that Monzo Bank Ltd didn't reimburse him after he fell victim to a scam.

## **Background**

The background to this case is well known to both parties so I don't intend to repeat it in full here. I'll summarise the facts briefly.

In April 2021, Mr S fell victim to a scam. He was contacted on social media by a business on that he thought would assist him with paying off debts he owed. It showed him evidence that it had successfully reduced the debts of other clients and persuaded Mr S it could assist him in the same way. Unfortunately, that business wasn't legitimate but a scam.

Mr S was persuaded to transfer over £3,000 to an account controlled by the scammer. When their promises didn't materialise, he realised he must have fallen victim to a scam and so he notified Monzo. It didn't agree to reimburse him. It said that Mr S didn't take enough steps to check who he was paying and ensure it was a genuine offer. It also said that he'd seen a warning as part of the payment process and ignored what it said.

Mr S wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who upheld it in part. She considered the complaint under the terms of the Contingent Reimbursement Model (CRM) Code which Monzo has agreed to adhere to. Under that Code, the starting point is that Monzo ought to reimburse a customer who has fallen victim to a scam like this one. However, it doesn't have to do so in full if it can show that one of the exceptions to reimbursement set out in the code is applicable in the circumstances of the case.

The Investigator agreed that Mr S didn't have a reasonable basis to believe that he was dealing with a legitimate business. However, she wasn't persuaded that Monzo had displayed an effective warning. Under the terms of the CRM Code, she concluded it needed to refund 50% of the money Mr S lost to the scam.

Monzo didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider and come to 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've come to the same conclusion as the Investigator and for broadly the same reasons.

I accept that, when Mr S made these payments, he sincerely believed that it was a genuine opportunity that would allow him to reduce his outgoings. However, I have to consider whether that belief was a reasonable one and I'm not persuaded it was.

There were no formalities to this arrangement – for example, there was no set of terms and conditions provided to Mr S, which is something you'd expect from a legitimately operating business. From the evidence I've seen, there was no attempt by the scammer to explain how they managed to reduce their clients' bills. It seems to me that Mr S made these payments in hope, rather than expectation. I think he really ought to have proceeded with far greater caution here and carried out further research before agreeing to make these payments. Overall, I'm persuaded that he didn't have a reasonable basis of belief here.

Monzo has also cited the warning that was displayed to Mr S during the payment process. I agree with the Investigator that the warning didn't meet the definition of an '*Effective Warning*' as described in the CRM Code. It was insufficiently specific and attempted to warn against several different scam types. As a result, it wouldn't have been particularly impactful in terms of protecting Mr S from this particular scam. Monzo has pointed out the Code only expects warnings to be tailored on the basis of scam type "*where possible*". However, the warning that was displayed doesn't appear to have been tailored based on payment type, rather it was a broad warning designed to cover multiple scam types.

In summary, and in the particular circumstances of this case, I consider that Mr S ought to have had concerns about the legitimacy of the offer he'd found on social media and that ought to have led to him carrying out further checks. In not doing so, I don't find he had a reasonable basis for believing this offer was genuine. However, I also don't think Monzo has been able to demonstrate that it provided an effective warning to him. I therefore consider, in line with the provisions of the CRM code, liability should be shared equally between Monzo and Mr S.

### **Final decision**

For the reasons I've set out above, I uphold this complaint in part.

Monzo Bank Limited should reimburse Mr S 50% of the money he lost to the scam. It should also add 8% simple interest to that sum calculated to run from the date it declined his claim under the CRM until the date it pays the settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2024.

James Kimmitt  
**Ombudsman**