

The complaint

Mr M complains that Monzo Bank Ltd won't refund the money he lost, after he fell victim to an 'authorised push payment' ("APP") 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 M has said a friend recommended a job to him, which entailed completing tasks on different, well known, social media platforms. The proposition involved Mr M purchasing a package which would allow him to access an application, in order for him to carry out the tasks.

Mr M's friend provided him with an 'invitation code', which Mr M used to express his interest in the work. Mr M has said he also carried out research on the company and found the company to be registered. He added that he had friends already using the application, who had been able to withdraw money and was reassured that the company had a customer services department and what he thought was a legitimate website.

Trusting things to be genuine Mr M has said he also engaged with an accountant to help him set up a limited company for the work, as he's said he wanted to go through the right channels. Mr M has said he was given the option as to whether any earnings would be made to him through an application or via crypto wallets, but as he didn't have any crypto wallets and thought bank transfers were safer he opted for that.

Mr M initially made a payment of £1,000 on 21 January 2022, from an account with another banking provider, but having made the payment he wasn't able to purchase the package. Mr M questioned this with the company's customer service team and was told there had been an issue with their banking system, so the £1,000 would be refunded to him. And it was suggested Mr M make two smaller payments, he was told there wouldn't be any problems with the smaller payments going through and he'd then have the package.

Mr M received the refund, along with what he was told was a 'bonus' (but which was in fact a bait payment) of £49.68 into his Monzo account, by way of two payments. With £500 being received on 23 January 2022 and £549.68 being received on 30 January 2022. He's said it was refunded into his Monzo account, rather than the account with the other banking provider, as when setting up his application details he had provided his Monzo details for receiving payments.

Mr M then went ahead and made two payments from his Monzo account, in order to purchase the package he thought he needed to carry out the work. A breakdown of these payments is below;

29 January 2022	£500.00
1 February 2022	£500.00

Mr M has said he could see that, having started to carry out the work, earnings were being paid into his wallet. But when he tried to withdraw funds he received a message to say there was an error with his account. Following further unsuccessful attempts to withdraw his money, and when the company's website and online social media page was taken down, he realised he'd been scammed.

Mr M raised the matter with Monzo. Monzo is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to the provisions of it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Monzo investigated Mr M's fraud claim but didn't uphold it. In summary, this was because it said it had acted in line with its regulatory requirements and it didn't feel Mr M had taken enough steps to check who he was paying and what for.

Monzo added that it provided warnings to Mr M, at the time he made the payments. Monzo did try to recover Mr M's money from the receiving bank (the bank to whom the money was sent), but no funds remained.

Mr M didn't agree with Monzo's findings and so brought his complaint to our service. One of our Investigators looked into things and thought the complaint should be upheld and that Monzo should refund Mr M the money he lost, along with interest. In summary, she didn't think Monzo had established that it shouldn't reimburse Mr M under the provisions of the CRM code.

Monzo didn't agree with our Investigator's view. In summary it maintained Mr M hadn't carried out enough checks and, considering what the job was, questioned the likelihood and the legitimacy of it. It also thought what Mr M was being offered 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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded Mr M 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 M lost.
- The money was taken from Mr M's current account. It is not clear how Mr M would have used the money if Monzo had refunded it when it should have done. But if Monzo had refunded the money when it ought reasonably to have done, Mr M would not have been deprived of it for the time he has 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 M under the CRM Code to the date of payment.

I know Mr M has referred to other consumers, who have received refunds, having fallen victim to the same scam. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances.

In reaching this decision, I've taken into account the evidence provided by both sides as well as the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Of particular relevance here, the CRM Code says that the victim of an APP scam such as this should be reimbursed unless the bank is able to establish that one (or more) of the limited exceptions to reimbursement can be applied. I've considered all of the points Monzo has raised. But I find that Monzo has not been able to show that Mr M made these payments without having a reasonable basis for believing he was making these payments for a legitimate reason. I'll explain why;

- Mr M has carried out his own research before proceeding to make the payment. He was able to visit what appeared to be a legitimate website and saw that the company had legitimate looking pages on well-known social media platforms.
- Mr M wasn't contacted out of the blue regarding the job opportunity and, in being offered payment of between £20-£30 per day, I don't think what he was being offered in terms of remuneration could be considered too good to be true. I don't think this relatively modest rate of return is typical for scams of this type, where more commonly victims are enticed by overly inflated promises.
- I think it's understandable how Mr M would have gained some reassurance when his initial payment of £1,000 was returned to him, along with a 'bonus' payment. Alongside this he was also able to interact with the company's customer service team, as well as friends and other recruits. And when considering this it's understandable how these interactions didn't prompt Mr M to be concerned that they weren't as legitimate as they appeared.
- Monzo has said the nature of the work was unlikely and not believable. I don't think Monzo has given enough consideration here to the increased growth and opportunities in employment relating to social media positions over recent years. And of the importance that organisations now hold on social media presence and digital marketing. With this in mind I don't agree that the job Mr M was being presented with would have appeared either unrealistic or illegitimate to him.
- Given the sophistication of the scam, where he was given access to customer services, online chat functions, professional looking websites and payment wallets, I can understand why he moved passed this, especially considering he'd been able to withdraw funds.
- Monzo has rightly pointed out that the company wasn't registered on Companies House until after Mr M had made his payments. I think it's fair to conclude from this that Mr M didn't see the company registered on the government site until after he'd made his payment. But this, in and of itself, isn't enough to fairly and reasonably say he didn't have a reasonable basis for belief. And he's provided evidence from an alternative corporate site he checked, as well of evidence of him setting up a limited company ahead of making the payments, so I'm persuaded he has attempted to do things through the right channels here, rather than proceed without any regard.

Mr M had not been scammed before, he's not an expert in all matters relating to frauds and scams, nor about how they work or can play out. I do think this is a finely balanced case and

no doubt, with the benefit of hindsight, there may have been more things Mr M could have done. But that doesn't mean that he hasn't done enough. People don't want or expect to be scammed and I think overall and when considering things in the round, in the circumstances of this case Mr M took reasonable, appropriate, and proportionate steps to try and protect himself. I don't consider he had any reason to think who he was paying would not keep to their side of that bargain. Overall, I'm not persuaded here that there was anything specific that would have appeared as a glaring red flag to Mr M that all might not have been as it seemed.

For completeness, Monzo has argued that it gave Mr M warnings. I don't think the warnings Monzo presented Mr M with would be considered as 'effective' under the CRM Code. They were generic and not tailored to any particular scam type, not least the one Mr M fell victim to. They also didn't include details of any steps Mr M could take to protect himself. However having said that, I don't think the payments Mr M was making would have appeared as unusual or suspicious to Monzo (and therefore a lesser indication to it that Mr M may be a risk of fraud). So, I don't consider there was a requirement on Monzo's part for effective warnings to be provided.

All things considered, I think it fair and reasonable that Mr M thought he was dealing with a legitimate company and making a payment towards a legitimate job. I'm satisfied Mr M took proportionate steps to try and mitigate any risk and that it wasn't unreasonable for him to proceed in making the payments he did. Overall and on balance, I'm not persuaded that Monzo has shown that Mr M lacked a reasonable basis of belief when making the payments, or that he ignored an effective warning.

Putting things right

For the reasons set out above Monzo Bank Ltd should now;

- Refund Mr M £950.32 being the remaining loss of the money he sent to the scammer (£1,000, less the £49.68 returned to him under the guise of a 'bonus')
- Pay 8% interest on this amount, from the date Monzo declined Mr M's claim to 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 M to accept or reject my decision before 30 June 2023.

Stephen Wise
Ombudsman