

## **The complaint**

Miss T is unhappy because Monzo Bank Ltd did not reimburse the money she transferred to a fraudster.

## **Background**

In June 2022, Miss T received a text message appearing to be advertising online jobs that could be completed at home, with salaries paid daily. Miss T has explained that in the previous two months, she'd had a baby and found out shortly after that she wasn't entitled to maternity pay from her employer as she'd believed she was. Miss T had therefore fallen into arrears on her rent while waiting for government funding and was trying to work freelance roles to pay for necessities. Her new-born child had also been unwell and was just home from a stay in hospital, but still requiring treatment. Miss T has explained her partner also wasn't working, so her wage had covered everything until this point.

The text message Miss T received coincided with her backdated government funding being provided, which she intended to use to pay her rent arrears. However, she responded positively to the text message in a bid to make some further money to cover essentials. Miss T spoke to someone who further explained the job role – put simply, she understood she would be boosting online product sales to earn commission. However, the lady she spoke to also explained that by adding additional money to her account, Miss T could receive higher commissions. Miss T has explained she was concerned at first to add any of her own money, but the advisor showed Miss T on her own account how it worked and Miss T saw what appeared to be higher commissions being earned. Reassured by this, Miss T made three transfers towards her 'account', totalling £260 and then received back £463 of perceived commission.

Encouraged by this, the following day Miss T made further payments towards the account while completing her work 'tasks' for the day. However, her account kept going into a negative balance after payments and she was told the only way to make her commission and get her money was to make further payments. Miss T made four payments in all, totalling £1,913, but when she was asked for a further £1,700 which she couldn't afford to pay, Miss T was blocked from her account and she realised she'd been the victim of a scam. She therefore contacted Monzo to raise a fraud claim.

Monzo 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.

Miss T feels she should be refunded and so has referred her complaint to us. An investigator looked into the complaint and thought it ought to be upheld, with Monzo providing a full refund. As Monzo disagreed with the investigator's view, the complaint has been passed to me for a final decision.

## **My 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 am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Miss T lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- The money was taken from Miss T's current account. It is not clear how Miss T would have used her money differently if Monzo had refunded her 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 it declined Miss T's claim under the CRM Code to the date of payment.

The CRM Code requires firms to assess whether a customer was vulnerable to the APP scam they fell victim to at the time it occurred. The relevant sections state:

*"A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered.*

*This should be assessed on a case-by-case basis.*

*In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable. [...]*

*Factors to consider include:*

*(a) All Customers can be vulnerable to APP scams and vulnerability is dynamic. The reasons for dynamics of vulnerability may include: the personal circumstances of the Customer; the timing and nature of the APP scam itself; the capacity the Customer had to protect themselves; and the impact of the APP scam on that Customer*

*(b) A Customer's personal circumstances which lead to vulnerability are varied, may be temporary or permanent, and may vary in severity over time*

*(c) APP scams may include long-running APP scams or in the moment APP scams."*

Here, Miss T was the victim of a scam that unfortunately preyed on her specific circumstances, at a time where she was clearly under a lot of pressure, both financially and emotionally. Having considered the combination of factors affecting Miss T at the time – her unexpected financial strains and lack of surrounding support, alongside her need to look after her new-born baby, who was also requiring additional medical support, I'm persuaded this would have impacted Miss T's capacity to think clearly about the scam while it was happening and made her more susceptible to falling victim to a scam of this nature. In short,

I don't consider it would be reasonable to expect Miss T to have protected herself against the APP scam she fell victim to at that time.

I therefore consider that the fair and reasonable outcome here is that Monzo is responsible for reimbursing Miss T for her losses due to this scam – under the provisions of the CRM Code.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold Miss T's complaint against Monzo Bank Ltd. I require Monzo Bank Ltd to:

- Refund Miss T the £2,173 she lost to the scam, minus the £463 already recovered from the fraudster, totalling £1,710
- Pay 8% simple interest per year, from the date Monzo declined Miss T's claim under the CRM Code to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 22 November 2022.

Kirsty Upton  
**Ombudsman**