

The complaint

Miss K is unhappy that Monzo Bank Ltd (“Monzo”) won’t refund money she lost after falling victim to a scam.

What happened

In March 2022, Miss K found some shoes on a social media platform that she was interested in buying. Miss K says she’d used this platform once before to buy shoes from a different seller.

Miss K says the shoes were listed for £200 and that the seller’s profile listed multiple pairs of shoes they were selling. She said the profile had 80,000 followers and had reviews that suggested they’d sold lots of shoes to other buyers who were very happy with their purchase. Miss K initially contacted the seller and asked some questions about the shoes and says they responded promptly which made her believe they were legitimate. Miss K says the price for the shoes was slightly lower than other sites, but that this seller said they were having a summer sale which she found believable.

Miss K made a payment of £200 but didn’t receive the shoes, so she contacted Monzo and raised a fraud claim.

Monzo considered Miss K’s claim under the Contingent Reimbursement Model (CRM Code) but declined to refund Miss K, saying she hadn’t done reasonable checks to make sure the seller or the shoes were genuine.

Miss K wasn’t happy with Monzo’s response, so she brought a complaint to our service.

An investigator looked into Miss K’s complaint and recommended that Monzo fully refund her and pay 8% simple interest on the refund.

Monzo disagreed with the investigator’s opinion saying:

- Miss K didn’t do any checks other than looking at the seller’s profile on the social media platform.
- The seller’s profile didn’t have a link to a company website, which a genuine business would have.
- While Miss K may’ve bought shoes through the same platform previously, she was taking a risk in doing so.
- Miss K should’ve been concerned because the account name she made the payment to was a personal name and not the business name on the seller’s profile.
- Miss K should’ve paid for the goods via a different method that might’ve given her buyer protection, rather than paying for the goods by bank transfer.

As the case couldn’t be resolved, it was passed to me to review.

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.

Monzo aren't a signatory to the Contingent Reimbursement Model (CRM Code) but have agreed to adhere to the provisions of the Code. The CRM Code requires firms to reimburse customer who have been victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.

* there are further exceptions outlined in the CRM Code, but they don't apply to this case.

Having reviewed the case, I don't agree that Monzo can rely on this exception to reimbursement for the following reasons:

- The checks that I would expect Miss K to do, will depend on any red flags that she would've seen that should've caused her concern that the seller or the goods might not be genuine.
- In this case, the seller's profile has a substantial number of followers (80,000) and looked professional. It had photos of all the shoes they were selling, and the pictures included an image of their company name on a card placed by the shoes. Also, there were what appeared to be positive reviews posted from many different people who had purchased shoes and were satisfied with their purchase. All of this provided Miss K with the confidence that they genuinely had goods for sale and that previous customers had received their goods and been satisfied with the goods.
- I'm not satisfied that the seller's profile not containing a link to a separate website is of sufficient concern that Miss K should've done further checks on the company.
- The shoes weren't much cheaper than Miss K had seen on other sites and certainly weren't so much cheaper that it should've caused Miss K concern about their legitimacy. Also, the seller said it was running a summer sale, which is a plausible reason for a slightly lower price.
- While Miss K made payment to an individual person's name rather than to a business name, I'm not satisfied in this case that is enough to warrant her doing further checks. Miss K says she'd only purchased shoes via this platform once before and didn't think it was unusual that the account name may not have been the business name.

Having carefully considered what Monzo has told us, I'm satisfied that Miss K did have a reasonable basis to believe that she was purchasing through a legitimate seller and that the goods were genuine. The shoes that Miss K purchased were £200 and I wouldn't expect the same level of checks as if this was a large value item. Especially as I'm not satisfied that there were sufficient red flags that Miss K should've had concerns about the legitimacy of the seller or the product. On that basis, Monzo should fully refund Miss K and pay interest at 8% simple from the date they declined her refund under the CRM Code.

Putting things right

To put things right Monzo Bank Ltd should refund Miss K the £200 and pay interest on that refund at 8% simple from the date they declined Miss K's refund under the CRM Code to the date of settlement.

My final decision

My final decision is that I uphold this case against Monzo Bank Ltd and require it to compensate Miss K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 17 May 2023.

Lisa Lowe
Ombudsman