

## **The complaint**

Mr B complains that Monzo Bank Ltd ('Monzo') declined to refund him two payments totalling approximately £3,000 that he lost as the result of a scam.

## **What happened**

The circumstances of the complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, Mr B was tricked into sending two payments totalling £2,995 to a third-party in the belief he was purchasing a camper van from them.

In May 2022 Mr B saw an advert for a camper van for sale on a popular classified adverts website. He got in touch with the person who listed the advert, and exchanged messages. The 'seller' shared photos of the camper van and they discussed paying for the camper van, when it would be available for collection, and what paperwork existed pertaining to the rebuild of it (though no evidence of the paperwork was shared). The 'seller' said that someone else was supposed to be putting down a holding deposit but they had not got their online banking sorted, and so Mr B agreed to pay £1,000 holding deposit to guarantee he got the camper van. The 'seller' then said his partner had suggested the full amount should be sent before he went to collect it due to the high demand for the camper van, and so Mr B sent over another payment of £1,995. Mr B travelled a long distance to get to where the van was meant to be. The 'seller' told him just before he arrived that the payments had bounced back as the bank thought it was suspicious that two payments had gone in one day to the same seller. Mr B then told him he had arrived, and never heard from the 'seller' again.

Mr B raised the matter with Monzo. Monzo investigated Mr B's complaint and declined to refund his losses. In summary, they didn't think that Mr B had established that he had met the requisite level of care when he was making the payments. They also said the payments were not large enough to mean they were required to give Mr B an effective warning. They said they had contacted the receiving account who were not liable, and who confirmed no funds remained in the receiving account to return to Mr B.

Mr B was unhappy that Monzo declined to refund his losses, so he asked our service to investigate his complaint. Our investigator looked at what had happened, and they thought that Monzo had acted fairly and reasonably in this case. They agreed that the value of the payments were not large enough to have required Monzo to provide Mr B with an effective warning about this kind of scam. And they also said that they did not think that Mr B had a reasonable basis for believing that the payments were going to a legitimate seller.

Mr B didn't agree. In summary, he said:

- Monzo should have picked up that the payments were unusual and out of character for his account. The account had barely been used before these transactions and then two large payments were sent to a new payee.
- Banks' money is well insured to cover him on this occasion, and he was not prepared to give in at this time.

As no agreement could 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.

In broad terms, the stating position in law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Service Regulations and the terms and conditions of the customer's account. However, where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they authorised the payment.

When thinking about what is fair and reasonable in this case, I have considered whether Monzo should reimburse some or all of the money Mr B lost in line with the provisions of the CRM Code it has agreed to adhere to and whether it ought to have done more to protect Mr M from the possibility of financial harm from fraud.

#### *The CRM Code*

Monzo is not a signatory of the Lending Standards Board Contingent Reimbursement Model ('CRM') Code, but agreed to adhere to its principles. The CRM code requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. It sets out standards that banks, such as Monzo, are expected to meet in terms of protecting their customers from financial harm. But it also sets out expectations that a customer should meet, too. As a starting point, a customer should receive a full refund if they fall victim to an authorised push payment scam such as this one.

There appears to be no dispute that Mr B was the victim of an authorised push payment scam here. He thought he was sending money to buy a camper van, but instead it went to a scammer. But, Mr B would not be entitled to a full refund if Monzo can fairly and reasonably demonstrate, as they have asserted, that Mr B has failed to meet the requisite level of care under one of more of the listed exceptions set out in the CRM Code.

Those exceptions are:

- The customer ignored an effective warning in relation to the payment being made;
- The customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

*\*There are further exceptions within the CRM Code, but they do not apply in this case.*

#### *Did Mr B have a reasonable basis for belief?*

Unfortunately, I think the evidence suggests that Mr B did not have a reasonable basis for believing that he was dealing with a legitimate seller when he made the transfers. I say this because:

- Mr B had not seen the camper van in person, or any videos of the camper van. All he had seen was photos which did not prove that the person he was talking to was in

possession of this camper van.

- Mr B sent the two transfers without completing any checks on the vehicle, or its ownership. I would expect him to have done checks prior to sending the payments, such as seeing the V5 logbook, looking up the MOT records, or undergoing any of the available paid for searches.
- I do understand why he might have wanted to secure the van before being able to travel to see it in person as it appears to have been a considerable distance away, but I would expect even more exhaustive searches to be conducted on the vehicle and its ownership before sending funds when he was unable to see it in person. The van was purported to be for sale through a private seller, not a dealership or business where providing a holding deposit may have been more appropriate.
- Ultimately, he sent the funds to a total stranger he met off the internet with no proof that they owned the camper-van in question.

*Did Monzo need to give Mr B an effective warning?*

Where Monzo identifies a risk of a payment being linked to an APP scam in a payment journey, they should take reasonable steps to provide their customers with effective warnings. Monzo have suggested that there was nothing about these payments that necessitated a warning to be given – and I agree. I will go into this in more detail below, but briefly, there was nothing about these payments that I think ought to have suggested Mr B was at risk of a scam. And so, I would not have expected Monzo to provide effective warnings for these transactions.

*Should Monzo have done more to protect Mr B?*

In addition to their responsibilities under the CRM code, when Mr B made the payments Monzo should fairly and reasonably have had systems in place to look out for unusual and out of character transactions or other signs that might indicate that Mr B was at risk of fraud or financial harm (amongst other things).

I appreciate that Mr B says he had not used his account much, so these payments ought reasonably to have stood out as unusual and out of character for his account. Banks have a difficult balancing act when it comes to assessing whether payments are unusual. Whilst an account may not be used often, and then only have one or two large payments, this is not something I think is sufficiently unusual that Monzo ought to have intervened. And so whilst I appreciate that these funds were certainly not inconsequential, I do not think they were so large that Monzo should have been on alert that Mr B was at risk of fraud or financial harm and got in touch with him or otherwise intervened.

*Recovery*

I have also considered whether Monzo could have done more to try to recover the money once it had been told of the scam. We would expect a business to take reasonable steps to try and recover the money from the bank it was sent to, with urgency, after their customer notifies them they fell victim to a scam. Monzo did try to recover the funds Mr B sent to the scammer within an appropriate amount of time – and were able to evidence that they contacted the receiving bank within less than an hour after Mr B contacted them. They were unable to recover any funds from this bank as the receiving account was empty. So I don't think Monzo could have done more to recover Mr B's funds here.

**My final decision**

For the reasons outlined above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 April 2023.

Katherine Jones  
**Ombudsman**