

## **The complaint**

Miss F complains that Monzo Bank Ltd hasn't refunded her for money she lost when she fell victim to a scam.

Miss F brings her complaint with the aid of professional representation, but for clarity in what follows I will refer throughout just to Miss F.

## **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.

Miss F was looking for a job working from home, and she'd put a post on social media to help with the search. She says she was then contacted by someone who said they had an opportunity to make money.

This was described as being a part-time employment opportunity, working for a company I'll refer to as P. The premise was that the employee had to pay money up front as a deposit and then do work for P by 'liking' social media posts. Each time a post was 'liked' a small commission would be paid.

By recommending others (referred to in the app as 'subordinates') a user of the app could increase the money they'd receive back. P had a mobile app, which Miss F downloaded. This included a link to a group chat, through which Miss F says she saw someone else had invested a sum of £100 successfully. She says there appeared to be a large number of people involved.

Miss F believed P had been trading for some time. She saw a page indicating the company was active in the US, and says she thought there was a chance this was real. She also thought the app, the terms and conditions and the support function all looked persuasive.

Miss F says she decided to join the free trial. She later sent an initial payment of £100. This was to pay for a package of work on the app. She sent this payment from her Monzo account to a business account by Faster Payments bank transfer. She was given a payee name to use which was a different name to that of P.

Just over a week later, Miss F sent a further payment. This was for the sum of £1,000. This payment went to a different payee than payment one. Again, the payee's name didn't appear to have any connection to P.

It seems that Miss F was told initially withdrawals could be made to a bank account. But she was later told withdrawals would be made using cryptocurrency.

However, it seems Miss F was unable to recover her money and the app stopped working. Around a month after the last payment she'd made, Miss F reported this as a scam to Monzo.

Monzo has agreed to adhere to the provisions of the Lending Standards Board Contingent

Reimbursement Model (the CRM Code) which can offer additional protection from Authorised Push Payment scams (APP scams) such as this one. But Monzo said it wouldn't refund Miss F because it didn't think she'd taken enough steps to check who she was paying and what for.

Miss F didn't accept this. One of our Investigators looked into what had happened but didn't think Monzo needed to pay her back what she'd lost. He didn't think Monzo had any reason not to make the payments Miss F had instructed it to make. He said she had made the payments without having a reasonable basis for belief that the transactions were legitimate.

Miss F disagreed, so I have been asked to reach a final decision on the matter.

### **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.

I'm sorry to hear about what happened to Miss F. I can understand why she wants her losses to be refunded to her. However, while I have sympathy for Miss F in what happened, I have to recognise that the principal cause of her losses here were the scammers who deceived her. I must also take into account that Monzo has a primary obligation to carry out the payment instructions its customers give it. As a starting point, a customer is therefore assumed liable for a payment they have instructed to be made.

As I've mentioned above, the CRM Code provides additional protection for the victims of APP scams. I'm satisfied that the payments Miss F made fall within the scope of the CRM Code. But despite offering additional protections, the CRM Code includes provisions allowing a firm not to reimburse APP scam losses fully where the firm can establish that the customer failed to take sufficient care when making the payment (often referred to as the exceptions to reimbursement).

Relevant here, this includes where the customer made a payment without a reasonable basis for believing that the person the customer was dealing with was legitimate, or that the payees were who the customer was expecting to pay.

Monzo says this exception applies here. It reviewed Miss F's claim against the CRM Code, but it didn't think it was required to reimburse her.

In deciding this complaint, I must first determine whether Monzo has established this exception to reimbursement can be fairly applied – in other words, that Miss F made the payments without having a reasonable basis for believing it was legitimate.

In determining these points, I have carefully considered everything Miss F has submitted as well as the evidence submitted by the bank.

This scam had some features that made it seem more genuine to Miss F, including an app with support functions and what appeared to be a community of active users. But there were other features that I think should have led Miss F to have genuine concerns that all might not be as it seemed.

Miss F has explained how she was contacted by someone on a messaging app who she assumes found her contact details on her social media page. Having been contacted in this way she was being offered what seemed an easy way to make money.

When she reported the scam to Monzo Miss F said: *"I thought there might be a chance this*

*was real [...] but I did have my doubts because it sounded too good to be true*". It does seem therefore that Miss F had significant doubts about the legitimacy of P. She went on to say that she'd *"screenshotted their terms and conditions thinking it may help in the future if they do end up running away with my money"*.

Taking everything into account I think Miss F was right to have the doubts she did and the concerns she had about losing her money to P were valid.

She was asked to make payments to two different company accounts – the names of which had no obvious connection to P. It's not clear why Miss F would reasonably have believed these payments were being made to the company P. Yet that was the company she had researched and to which she thought she was sending money to for the package of tasks in the app.

The larger second payment was made to what appears to have been an import/export company – not a social media firm and again with no apparent link to P. I find Monzo has established Miss F made these payments without a reasonable basis for believing that she was paying whom she believed she was paying.

In passing, I note that it does appear that some funds were returned to Miss F's Monzo account by the second payee on 25 January – a credit of £458. It's unclear what this credit was for, or if there might have been other payments back from the scheme. So, while I appreciate this observation is likely to be only of limited consolation, if any, to Miss F it does perhaps mean that her remaining loss from the payments she sent is lower than she might otherwise fear.

I've considered the evidence here thoroughly including everything Miss F has said. Overall, I'm satisfied that Monzo has fairly established that the exception to full reimbursement under the CRM Code can be applied to Miss F's payments.

I've considered whether Monzo met the standards required of it under the CRM Code. I don't consider these two payments were remarkable enough for Monzo to have been required to provide Miss F with an effective warning at the time she was making them. Neither do I find the bank had cause to intervene or sufficient reason not to carry out Miss F's instructions.

It appears the scammers had moved money on from the receiving accounts very quickly. Miss F noted that *"the scammers withdrew all our money as soon as they got it and its basically impossible to get it back"*. Unfortunately, it is a common feature of APP scams such as this, that recovery of the funds will prove impossible due to the funds being rapidly moved onwards from the initial receiving account. Here, the scam didn't come to light until almost a month after the last payment Miss F sent to the scheme.

In all the circumstances, I simply don't think there was any reasonable prospect that recovery in full (or part) could have been possible here – everything I've seen suggests that the scam operated in such a way that any funds received were rapidly removed.

I also don't consider that I could fairly require Monzo to refund Miss F for any other reasons.

I realise this will be a significant disappointment to Miss F. She has lost out to a scam that seems to have been designed to deceive her into sending money to a fake company. But as I've noted above, the blame for this lies with the scammers who engineered this scheme, and I have not found that Monzo is liable to reimburse Miss F for her losses.

**My final decision**

For the reasons given above, I do not uphold Miss F's complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 27 July 2023.

Stephen Dickie  
**Ombudsman**