

The complaint

Miss M complains that Monzo hasn't refunded her after she fell victim to a property rental scam.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail here. But briefly, both parties accept that Miss M unfortunately fell victim to a scam when she attempted to rent a studio flat she'd seen advertised on a well-known online marketplace. Miss M had sent a £600 Faster Payment transfer from her Monzo account to cover the first month's rent.

She'd been looking online for a property and found a suitable looking studio advertised at a monthly rental of £600 per month, including bills. She knew the area, and the price was reasonable.

Miss M made contact with the agent to find out more. Miss M was relocating from another part of the country, so an in-person viewing would be difficult. But the agent sent her video walkthrough of the flat. Having watched this, Miss M was satisfied this was what she was looking for.

Miss M says that before she checked the property details matched what showed on the Land Registry. She asked the agent about the owner, and it was confirmed this was who they were acting on behalf of, and the advertiser was the owner's husband. Miss M was sent a tenancy agreement which looked as she'd expected. She was told that in order to secure the rental the agent would need her to pay the first month's rent upfront.

However, a few days later, when Miss M was able to view the property and had made an appointment to do so, no-one turned up. She found she could no longer contact the agent. Miss M was eventually able to make contact with the flat owner, and it came to light that the agent had not been acting with the owner's authority, and that Miss M had unfortunately been the victim of a scam. Miss M let Monzo know what had happened.

Monzo didn't refund Miss M. It didn't dispute that she had been the victim of a scam, but said that she didn't take enough care when making the payment.

Monzo isn't a signatory of the Lending Standards Board Contingent Reimbursement Model CRM Code (the CRM Code) but has explained that it is committed to applying the principles set out in it.

The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. Monzo said one or more of those exceptions applies in this case. It said Miss M made the payment without having a reasonable basis for believing she was paying a legitimate agent for a genuine rental – and in particular, didn't think the evidence Miss M had relied on was sufficient to have proved this. It said it had shown her a message saying the account she was paying was a personal account rather than a business account, as well as an effective scam warning message.

One of our Investigators looked into Miss M's complaint and thought it ought to be upheld.

The Investigator didn't believe Monzo had fairly assessed Miss M's claim under the CRM Code. He didn't agree that Monzo had been able to establish Miss M made the payment without a reasonable basis for believing she was entering into a legitimate rental agreement with a legitimate agent. He didn't think Monzo had provided an effective warning in line with the CRM Code's definition.

Monzo maintained its position. So, I have been asked to make a final decision on the outcome of Miss M's complaint.

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 the money Miss M 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 Miss M lost.
- The money was sent from Miss M's current account. It is not clear how Miss 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, Miss M would not have been deprived of it for the time she has. So, Monzo should also pay interest on the balance not yet refunded at a rate of 8% simple per year. This interest should apply from the date Monzo first declined to refund Miss M, to the date of settlement.

I'm satisfied that Monzo hasn't established that Miss M made these payments without holding a reasonable basis for believing that she was paying an agent for a legitimate rental or that she ignored an effective scam warning. I consider the steps she took were proportionate in the circumstances. I will go on to explain why I have reached this finding.

I've taken into account the evidence provided by both sides. Under the terms of the CRM Code, 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 exceptions to reimbursement can be applied.

Here Monzo argues that Miss M was persuaded by evidence that didn't conclusively show the rental or agent were genuine. But while I agree that none of the evidence Miss M saw could have provided conclusive proof of this, that is not the test required under the CRM Code. Miss M merely required a reasonable basis for believing this was legitimate.

And while none of the steps she took could give conclusive proof, I'm satisfied that what Miss M relied on was proportionate to the value and the wider circumstances of this transaction. If there had been any glaring red flags then I might think differently, but here I am satisfied that there was nothing that ought to have caused Miss M particular concern.

Monzo has pointed to the fact that Miss M received a mismatch message regarding the receiving account type. I've considered whether that ought to have caused her particular concern. But in the circumstances and given the purported agent's explanation that they

were the owner's husband, I don't think it unreasonable for Miss M to have assumed that was the explanation for the account being a personal rather than business account.

I've also reviewed the generic scam warning message Monzo says it showed Miss M when she made the payment. I'm not satisfied this meets the minimum standards set by the CRM Code for an effective warning. These require such a warning to be specific and impactful, which I do not think this was. Neither do I think this was likely to have made difference to preventing a scam such as this from succeeding. So, I don't consider Monzo can rely on the effective warning exception as a reason to deny reimbursement.

Overall, and taking into account all the circumstances here, I'm satisfied that Miss M made the payment with a reasonable basis for believing she was paying a genuine agent for a genuine rental. That exception cannot fairly be applied by Monzo. And I am not satisfied that Monzo has established it may rely on any of the other exceptions to full reimbursement under the CRM Code.

My final decision

For the reasons outlined above, I've decided it is fair and reasonable to uphold Miss M's complaint about Monzo Bank Ltd. I therefore require Monzo Bank Ltd to pay Miss M:

- The balance of the money lost through this scam, this being the sum of £600 less any sums already reimbursed or otherwise refunded; and,
- 8% simple interest per year on that amount calculated from the date the bank originally declined Miss M's claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 24 March 2023.

Stephen Dickie
Ombudsman