

## **The complaint**

Miss M is unhappy that Monzo Bank Ltd won't refund the money she lost after she fell victim to an 'authorised push payment' ("APP") scam.

## **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 M saw an item for sale on a well-known social media online marketplace, that she was interested in buying. She contacted the seller, by way of messages, and asked if the item was still available. Miss M has said that she had previously purchased items from the marketplace and felt safe using it. She's told us she reviewed the seller's feedback and could only see positive reviews. Alongside this Miss M carried out a search of the seller's name on other buying/selling pages, but didn't find anything to make her think there were issues with the seller.

Due to the distance between Miss M and the seller, she wasn't able to view the item, but she's said she was reassured by the seller providing her with multiple options for postage. Miss M has said the photos of the item, also made it appear the seller genuinely had the item.

Believing everything to be genuine, on 19 March 2022, Miss M went ahead and made a payment for £54.35 to the bank details provided by the seller. But after making the payment, she became concerned when she didn't receive the item. Unknown to her at the time, she had been communicating with a fraudster and had sent her money to an account the fraudster controlled.

Miss M raised the matter with Monzo. It 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.

Monzo issued its final response to Miss M on 1 April 2022, not upholding her complaint. In summary it said it had followed its internal processes correctly. It added that it hadn't been able to recover the money Miss M lost and it didn't feel Miss M had taken enough steps to check who she was paying and what for.

Unhappy with Monzo's response, Miss M then brought her complaint to this service. One of our investigator's looked into things and thought the complaint should be upheld and that Monzo should refund Miss M the money she lost, along with interest. In summary, our investigator didn't think Monzo had established that it shouldn't reimburse Miss M on the basis that she didn't have a reasonable basis for believing she was making a legitimate payment.

Monzo didn't agree with our investigator's view. In summary it said it appreciated Miss M did perform some due diligence. But considering Miss M was a frequent user of this particular marketplace, she should have been aware of the terms and conditions of the marketplace. It said Miss M would have had access to these and they advise against sending money directly to seller's accounts.

As agreement couldn't be reached, the complaint has 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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded Miss M the money she 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 taken 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, so Monzo should also pay interest on the money it should have refunded at 8% simple per year, from the date Monzo decided not to refund Miss M under the CRM Code to the date of payment.

### *Did Miss M have a reasonable basis for belief when making the payment?*

Monzo has acknowledged that Miss M had carried out some due diligence, but that she didn't go far enough as she didn't read the terms and conditions of the marketplace she was buying the item from. I've carefully considered Monzo's representations about whether Miss M had a reasonable basis for believing the purchase was genuine. Weighing everything up, I don't think it would have been evident to Miss M that there was a risk with this purchase, I say that because;

- Miss M saw the item she was interested in on a well-known social media platform's marketplace. She engaged with the seller through a number of messages. From reviewing these messages, I don't consider the seller was applying any pressure (which can often be the indicator of a scam).
- I also don't think the price the item was being sold for could be considered as 'too good to be true', whereby Miss M should reasonably have had doubts about the legitimacy of the item or the seller. Indeed Monzo itself managed to find the item elsewhere for cheaper.
- The distance between Miss M and the seller meant it wasn't feasible to view the item before she made the purchase. But where Miss M had received purchased items successfully before, without viewing them, I can understand why she moved passed this without being overly concerned. Additionally the seller provided multiple options for postage, which I think reasonably reassured Miss M further.

- Monzo argue that as Miss M had used the marketplace before, she ought to have been familiar with the terms and conditions. I don't agree with Monzo's position here. This is because, the information about payment is contained amongst other information and required several 'clicks' to see the section in question that Monzo refers to. In light of the specific circumstances of this case, I don't think it's practical or proportionate to have expected Miss M to have read the help guide in its entirety before proceeding to make the payment.
- Miss M took the time to check the seller's profile and was further convinced this was genuine as she saw positive reviews. As well as this, she had carried out further research across other sites and didn't see anything that concerned her regarding the seller.

Miss M had not been scammed before, and had used the marketplace on multiple occasions previously, without any problems. She is not an expert in all matters relating to frauds and scams, nor about how they work or can play out. The fact that the bank, as a professional in these matters, can think of additional things Miss M could have done does not mean that she did not do enough. People don't want or expect to be scammed and I think overall Miss M took reasonable, appropriate, and proportionate steps to try and protect herself. I don't consider she had any reason to think the seller would not keep to their side of that bargain.

For completeness, I also don't think the 'low friction' warning Monzo presented Miss M with would be considered as 'effective' under the CRM Code as it wasn't specific to the particular scam Miss M fell victim to. However having said that, considering the relatively low value of the payment Miss M was making (and therefore a lesser indication that Miss M may be at risk of fraud), I don't consider there was a requirement on Monzo's part for an effective warning to be provided.

All things considered, I think it fair and reasonable that Miss M thought she was dealing with a legitimate seller for a legitimate item when making the payment. I'm satisfied Miss M took proportionate steps to try and mitigate any risk and that it wasn't unreasonable for her to proceed in making the payment she did. Overall and on balance, I'm not persuaded that Monzo has shown that Miss M lacked a reasonable basis of belief for making the payment, or that she ignored an effective warning.

For completeness, I can see in her submissions Miss M mentioned that she wanted Monzo to raise a Chargeback. But as the payment Miss M made here was a faster payment, rather than a payment through a debit or credit card, she wouldn't have had any protection via this mechanism.

### **Putting things right**

For the reasons outlined above, Monzo Bank Ltd should now;

- Refund Miss M the £54.35 she lost as a result of this scam
- Pay 8% simple interest per year on that amount calculated from the date Monzo Bank Ltd originally declined Miss M's claim until the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd

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

Stephen Wise  
**Ombudsman**