

The complaint

Mr P complains that Monzo Bank Ltd ('Monzo') won't reimburse him the money he lost after he fell victim to an 'authorised push payment' ("APP") scam.

In bringing his complaint to this service, Mr P is being represented. For ease, I will refer to Mr P throughout my decision, even when the submissions have been made on his behalf.

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.

Mr P says a friend introduced him to an employment opportunity with a company, I'll refer to as "PT". He says this friend had been using PT for weeks and told him it was a good way of making extra money.

Mr P said he saw lots of positive reviews online – across social media platforms and that the PT app was convincing and professional in appearance. He added that it had the relevant functionality you'd expect from a professional app of its type. Mr P told us the app had a customer service and withdrawal helpline. He says he used the customer service helpline when carrying out some tasks.

Mr P told us he was also added to a PT messaging group which connected him to hundreds of other members and, that other members had said they'd received money back.

I understand, the premise of the opportunity was that Mr P needed to deposit a certain amount of money, to receive social media tasks each day for him to complete and, in return he says he was promised a commission of £59.

Believing all to be legitimate, Mr P proceeded to make the following payments as part of the scam.

Date	Payee	Amount
12/12/21	Payee 1	£500
17/12/21	Payee 2	£500
27/12/21	Payee 3	£500
27/12/21	Payee 3	£500
07/01/22	Payee 4	£500
21/01/22	Payee 5	£1,000
02/02/22	Payee 6	£500
Total loss:		£4,000

Mr P says he was able to withdraw a small amount of 'earnings', although he cannot recall how much this was, which he said he reinvested back into the app. Mr P commented that every day the company gave what was £59 commission in the app (according to what he told Monzo at the time he reported the matter).

I understand the PT app server went down on 14 February 2022 and remained down. Mr P told us that he'd expressed his intention to withdraw funds a few days prior to this, however,

he didn't receive a response to his messages. When it became clear PT was uncontactable Mr P reported the matter to Monzo.

Mr P initially contacted Monzo by email on 23 February 2022. Following a reply from Monzo Mr P then raised the claim via its in-app chat function on 25 February 2022.

Monzo is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to its provisions. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Monzo investigated Mr P's fraud claim but didn't uphold it. In summary, this was because it said it had acted in line with its regulatory requirements and it didn't feel Mr P had taken enough steps to check who he was paying and what for. Monzo did try to recover Mr P's money from the receiving banks (the banks to whom the money was sent), but no funds remained.

Mr P didn't agree with Monzo's findings and so brought his complaint to our service. One of our Investigators looked into things, but she didn't think the complaint should be upheld.

In summary, she didn't think Mr P had a reasonable basis of belief when he made the payments. This was because:

- She thought Mr P ought to have questioned its legitimacy. Adding that Mr P was drawn into something that required him to pay for tasks to complete in order to then get paid.
- Mr P said he'd checked Companies House before going ahead with the payments but, having checked, our Investigator explained that there were no registered businesses under PT until 10 February 2022 which was after Mr P made his last payment. She thought Mr P ought to have been concerned that he was making payments to a company that wasn't registered when he sent the funds.
- She also thought he ought to have been concerned that he was making payments to multiple different accounts, all of which were not in the name of PT.

Our investigator also thought about the payments Mr P made. However, she didn't think the payments were particularly high in value. She said the payments weren't made in quick succession and so she didn't think Monzo ought to have identified a scam risk. She acknowledged what Mr P said about the account balance after each payment but she said Mr P's account balance prior to the scam was often very low and so she didn't think the account balance after the scam payments should have been considered unusual or ought to have caused Monzo concern. It followed, that she didn't think Monzo needed to provide an effective warning or that it ought to have intervened before allowing the payments to be processed. She was also satisfied Monzo did what it could to recover Mr P's funds once it was aware of the scam.

Mr P didn't agree with our Investigator's view. In summary but not limited to, he said:

- The scam was convincing and well planned. He reiterated that the app was extremely professional, and that the company's set up was high level – with a customer service helpline and withdrawal helpline.

- The company was highly reviewed across social media platforms and members of the PT messaging group, which he was added to, verified how it worked.
- The logo/branding of the company looked similar to a well-known image sharing social media site, which led many to believe that the company was affiliated with this genuine platform.
- The company had convincing Companies House documentation.
- The premise for making money through social media and liking posts is a growing area for making money.
- He withdrew a small amount which built confidence in the process. Whilst Mr P doesn't recall the amount he withdrew and he hadn't withdrawn anything since then, he said he believe it was legitimate and so, he continued to make payments.

Our Investigator's position, having considered Mr P's further comments, remained unchanged. She added that whilst she appreciated Mr P saw good reviews and was added to a PT messaging group, she didn't think these factors outweighed the other red flags which she thought ought to have caused him concern. She also commented that PT wasn't incorporated on Companies House until 10 February 2022, which was after Mr P made his last payment. She added that as the company wasn't on Companies House at the point Mr P was looking to go ahead with the payments, she thought this ought to have caused him concerns.

As agreement couldn't 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.

Having done so, I don't uphold this complaint. I will now explain why.

I'm aware I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In reaching this decision, I've taken into account the evidence provided by both sides as well as the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Of particular relevance here, the CRM Code says that 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 limited exceptions to reimbursement can be applied.

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

- The customer ignored what the CRM Code refers to as an "Effective Warning" by

failing to take appropriate action in response to such an effective warning

- 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 services; and/or the person or business with whom they transacted was legitimate

**Further exceptions outlined in the CRM Code do not apply to this case.*

I satisfied Monzo has been able to establish that it may choose not to reimburse Mr P under the terms of the CRM Code. I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

Did Mr P have a reasonable basis of belief?

I'm persuaded Monzo has been able to show that Mr P made these payments without having a reasonable basis for believing he was making payments for legitimate reasons or that he was paying the person he was expecting to pay. I'll now explain why:

- I've taken into consideration what Mr P has said about the app and the online reviews. However, I'm not persuaded that these were credible enough for him to have accepted that the employer was a legitimate one. From what I've seen and been told, it appears Mr P took at face value what he was being told by those he was speaking with in connection to the company. I've not seen anything that indicates Mr P took any steps to satisfy himself that those he was in touch with were genuine or that what he was being told by them was legitimate. Further, while Mr P says his friend recommended PT and the opportunity as a way to make extra money, I've not been provided with any information that show the profits his friend or other members made. It follows that I can't be certain of what was relied on by Mr P before he decided to make these payments.
- Mr P made seven payments totalling £4,000 between 12 December 2021 and 2 February 2022 to six different payees - none of which were in the name of the company Mr P believed he was working with. I've not seen anything that indicates Mr P questioned this. I think this ought reasonably to have caused Mr P some concern and led him to proceed more cautiously. In the particular circumstances of this case, Mr P believed he was making payments on the premise that they were deposits required to receive the daily task he was to complete, which would in turn earn him commission. Given that this job opportunity was with PT, I think Mr P being asked to make payments to multiple payees ought to have prompted him to question what he was being asked to do and who he was paying.
- Mr P says he carried out research on the company and PT was registered on Companies House. I note the employer's registration with Companies House wasn't filed until 10 February 2022, which was after Mr P made all of the payments. Taking this into account, I can't find that Mr P had seen PT registered as he said he did. In turn, I'm not persuaded Mr P did rely on this to believe the employer was legitimate as it simply didn't exist before then.
- I've also thought carefully about what Mr P says he was told about the opportunity of making money through social media platforms. To some degree, I can accept what Mr P has said about opportunities through social media platforms becoming a growing area for people to make money. However, I do think Mr P ought to have been concerned about the amount he deposited so that he could complete tasks and

earn a commission of £59. I think Mr P ought to have had some concerns that he was being asked to make these payments in advance for a job opportunity where he ultimately thought he'd be making money and, where he'd withdrawn only a small amount initially (although he doesn't recall the amount), before reinvesting this back into the app. I can accept it is possible that legitimate opportunities exist that might have similarities to this one. But on balance, I'm persuaded the specific factors in this case, ought to have prompted Mr P to act with greater caution than he did.

- As I've said above, Mr P says he made an initial small withdrawal, although he can't recall how much this was and, from the statements I've seen, it doesn't appear that this was received back into his Monzo account but somewhere else. He said he reinvested this amount back into the app. While I can accept receiving some money can provide some assurance, I don't think the small amount he's said he withdrew, in the absence of any further successful withdrawals outweighs the other flags I've mentioned.

As I explained above, there are other points provided by Mr P that I haven't specifically commented on within this decision, but I'd like to assure him that I have considered everything that's been given to us. I've simply commented on what I find to be most relevant and influential to the outcome.

I'm mindful that any of the individual factors above in isolation may not have been enough to prevent Mr P from proceeding. But considering the specific circumstances of this case and the factors in the round, on balance, I think that there was enough going on and sufficient red flags that Mr P ought reasonably to have taken further steps to protect himself.

Did Monzo need to provide effective warnings?

I don't think Monzo was required to give effective warnings under the CRM Code, in these particular circumstances. I say this because, I don't find the payment values were so remarkable or suspicious that they presented a clear APP scam risk. While Mr P made numerous payments and to new payees, I have to keep in mind that the payments weren't made in such quick succession that I think this ought to fairly and reasonably have presented itself as a pattern indicative of fraud to Monzo. And I'm also in agreement with our Investigator when considering the balance on the account. I accept the scam payments used the majority of the account balance. But in this particular case, I can see Mr P's account balance was maintained at a low amount prior to the scam payments. So I don't think this factor, in and of itself, ought to have caused Monzo concern that Mr P might be at risk of financial harm from fraud.

Overall, when considering the individual circumstances of this case, I'm persuaded that Monzo was entitled to consider there were no apparent APP scam risks here. So, I don't think it needed to provide effective warnings.

I've also considered whether Monzo did all it could to try and recover the money Mr P lost, once he had reported the scam to it. From the evidence I've seen, Mr P initially contacted Monzo to report the scam by email on 23 February 2022, but in its response to him on 25 February 2022, it enquired about the app and directed Mr P to the in-app chat function. He then reported the scam via the in-app chat function the evening of 25 February 2022. Monzo then contacted the receiving banks on 26 February 2022. With this in mind, I think Monzo could have acted quicker than it did in contacting the receiving banks. This said, I don't find any possible delay made a difference in this case. Monzo unfortunately received responses from the receiving banks who reported that no funds remained.

Our investigator also reached out to the receiving banks. One responded to confirm that for four of the accounts Mr P sent payments, the funds had already left the accounts prior to him reporting the scam. She didn't receive a response about the funds from the other receiving banks but given that Mr P reported the matter around three weeks after his last payment, I think it is unlikely any funds would've remained to be recovered. I say this as fraudsters typically move funds on quickly to prevent this type of recovery. So overall, I don't think any delay made a difference here.

I am sorry that Mr P has lost money in this way, but in the circumstances, for the reasons I've explained, it wouldn't be fair or reasonable for me to order Monzo to repay him the money he sadly lost.

My final decision

My final decision is that I don't uphold this complaint.

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

Staci Rowland
Ombudsman