

## **The complaint**

Mrs B complains that Monzo Bank Ltd won't refund money she lost as a result of a scam.

## **What happened**

Mrs B was looking for work. She found an advert on a popular social media website and began communicating with someone claiming to represent a company that I'll call P. P's representative explained that, in order to earn money, she'd need to deposit funds on to its platform. This would allow Mrs B to reserve 'tasks'. The tasks would consist of 'liking' social media posts in exchange for money.

Mrs B, despite expressing both some surprise that she'd need to pay money in order to earn and some confusion about the concept as a whole, agreed to deposit funds onto the platform. Her husband, sister and several friends also lost money to the same scam.

She was added to an instant messaging group, where she says hundreds of other users of P were very positive about it. She says that there were also a significant number of positive reviews of the platform.

Mrs B deposited over £2,000 over a few days in late January 2022 by sending faster payments to two limited companies which were not obviously linked to P. I understand that by February 2022 the app stopped working and it was revealed that P had been operating as a scam.

Mrs B referred the matter to Monzo, but it declined to refund her money. It said that it had considered the case under the Lending Standards Board Contingent Reimbursement Model "CRM Code" which requires it signatories (or firms like Monzo that have agreed to adhere to its principles) to refund victims of APP scams in all but a limited number of circumstances, but that Mrs B had failed to carry out sufficient due diligence.

The matter was referred to our service but one of our investigators didn't uphold the complaint. They thought that the returns were too good to be true and Mrs B clearly doubted the veracity of the scheme. They also noted that the limited company which Mrs B said that she'd checked before depositing any funds, hadn't actually been registered until after she made her deposits.

Mrs B's representatives didn't agree, they argued that:

- The scam was very convincing – particularly the professional looking app, including a support function.
- Mrs B was given a detailed and plausible explanation of how the scheme worked and that explanation is consistent with information that is publicly available.
- Mrs B reasonably believed that P was affiliated with a genuine firm that shared part of its name.
- Mrs B was able to withdraw money from the platform, which strengthened her belief that it was operating legitimately.

- She also carried out various online checks, none of which revealed P to be a scam

As no agreement could be reached, the case was passed to me for a final 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.

The starting point in law is that Mrs B will be responsible for payments she's authorised herself. But, as already mentioned, Monzo have agreed to adhere to the principles of the CRM Code. In this case it seeks to rely on at least one of the exceptions to reimbursement – that Mrs B made the payments *“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.”*

I've considered this point carefully and, while I know this will be disappointing for Mrs B, I think that Monzo acted fairly when it declined her claim on this basis. I also haven't found any other reason for Monzo to be responsible for her loss.

I'm aware that there are many victims of this scam. I understand that seeing that many other people were involved and seemed to be having positive experiences would have been reassuring for Mrs B. While the app doesn't appear to me to be the most professionally designed, it clearly had a significant degree of functionality and seems to have been available through major app stores.

Like the Investigator, I note that the limited company that Mrs B says she researched prior to going ahead with the payments was only registered after she made them – so I can't agree this could have played a part in reassuring her of P's legitimacy. Mrs B says she carried out other checks too – such as searching for P on the Financial Conduct Authority website. I can't see that she would have found anything about P on its website (either positive or negative), so I'm not sure how reassuring this would have been either. I'm aware that P claimed to be operating under some sort of permission of the FCA, though it's not clear whether this claim had been made to Mrs B.

Mrs B says that she believed that P was affiliated with a genuine company which shared part of its name. But, I'm not sure how reasonable that belief was and it would have been easy to verify whether that was the case by simply checking with the genuine firm.

More broadly, I think there were two inherently concerning aspects of the job opportunity:

- The suggestion that an individual would be able to generate a reasonable income simply by liking social media posts; and
- That in order to earn money, a user would have to first pay a significant (in comparison to the amount being generated) sum of money.

Mrs B's representatives have provided a link to a website which they say shows that there is a market in purchasing likes. I'm also aware that's the case. But the link provided shows that 10,000 likes can be purchased for less than \$100.

So, had Mrs B known about the genuine market for purchasing likes, she would have seen that what she was being offered just didn't add up. There would never be sufficient value generated from individually liking social media posts in order to generate any significant income.

It's not clear that Mrs B did know about the (arguably) legitimate market for purchasing likes. But she did know and express some surprise about the notion that she'd need to deposit funds in order to earn money. She initially turned down the offer, seemingly for this reason. I agree with Mrs B that it was an unusual proposition. So, I've thought about the explanation she was given for this and whether that was reasonable. It was explained to Mrs B that the money she paid acted like a deposit – taken in order to ensure that she would complete a particular task. She was assured that she could withdraw the funds at any time if she no longer wanted to go ahead with the tasks. Again, this strikes me as a rather odd and illogical explanation. If the user could decide to stop completing the tasks at any time and receive a full refund, then there would be no reason for the employer to take a deposit. And given that the deposits were far larger than the amount that could be earned from any single task, any prospect of breaking even or making profit was some months away. While Mrs B was able to withdraw a small sum, this was only a fraction of the amount deposited.

I've also noted that Mrs B was asked to pay money to two separate accounts, neither of which had any obvious connection to P. One of them appears to be an import/export business. I think this should have been of some concern to Mrs B.

Overall, while I accept there were some convincing aspects to this scam, I think Mrs B should have, and to some extent did, recognise that there were significant reasons to think that P might not have been a legitimate enterprise. So, I think Monzo can fairly rely on one of the exceptions to reimbursement in the CRM Code.

I've also thought about whether Monzo ought to have, in line with its own obligations under the CRM Code, as well as what I consider to be fair and reasonable, recognised the possibility that the payments Mrs B made were as a result of fraud. But, the payments here weren't particularly suspicious in nature. While not insignificant sums, the largest payment was for just over £1,000 and although the payments took place over a matter of a few days, I don't think that there was anything particularly concerning about their nature or frequency.

So, I don't find that Monzo has failed in its obligations under the CRM Code and I'm not persuaded it could have reasonably done anything to prevent the fraud.

Finally, I've considered Monzo's attempts to recover Mrs B's money. It contacted the firms which received her money within 24 hours of Mrs B reporting the scam, but they advised that no funds remained. In my view, Monzo ought to have acted a little more quickly. However, I've seen evidence from one of the firms which shows Mrs B's money was removed from the account before she reported the fraud. The other firm which received her money did not respond to our investigator's request for information. But, given that there were numerous other victims of the same scam and Mrs B made the payments some weeks before reporting what had happened, I think it's very unlikely that any faster action on Monzo's part would have meant that any of her money could have been recovered.

I know this will be very disappointing for Mrs B and I'm sorry that she's lost out as a result of a cynical scam, but I can't hold Monzo responsible for her loss.

### **My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 September 2023.

Rich Drury

**Ombudsman**