

The complaint

Miss G is unhappy that Monzo Bank Ltd won't refund the money she lost after she fell victim to a 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.

In or around March 2022 Miss G was looking to buy a phone. She's said after messaging a number of people, to make enquiries about phones that she'd seen for sale, she saw one that she was interested in buying on a well-known social media online marketplace. She contacted the seller, by way of messages, and asked if the item was still available. Miss G has said that she exchanged messages with the seller and had a number of conversations with them on the phone. She's told us that after a price was agreed for the phone, the seller called her back to ask if she was interested in also buying some earphones, which she was, so a price was agreed for these too.

Due to the distance between Miss G and the seller, she wasn't able to view the item. But she asked the seller to ensure that the item would be sent by 'tracked' post and offered to pay more to the seller, if needed, for this. With the seller confirming to her that all items are sent tracked next day delivery and that the tracking information would be sent to Miss G.

Miss G has said she believed the seller to be genuine as she could see from their social media page that they'd sold, and had for sale, a number of other items and she didn't see anything that caused her concern. She also said the seller had sounded genuine when she had spoken to him on the phone. She's told us she reviewed the seller's feedback and alongside this, Miss G wasn't concerned by the price of the item, she's said when she was looking for phones, she'd seen other phones for sale at about the same price.

Believing everything to be genuine, on 31 March 2022, Miss G went ahead and made a payment for £590 to the bank details provided by the seller. But after making the payment, she became concerned, when she didn't receive any tracking information and the items never arrived. 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 G 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 G on 8 April 2022, not upholding her complaint. In summary it said it didn't feel Miss G had taken enough steps to check who she was paying and what for and that she didn't have a reasonable basis for believing the sale was genuine. It added that clear guidance, around payments, was available on the online marketplace,

and Miss G hadn't followed this. In particular it said that guidance advises people not to transfer money directly into a seller's bank account.

Unhappy with Monzo's response, Miss G 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 G the money she lost, along with interest. In summary, our Investigator didn't think Monzo had established that it shouldn't reimburse Miss G 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. As agreement couldn't be reached, the complaint has been 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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded Miss G 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 G lost.
- The money was taken from Miss G 's current account. It is not clear how Miss G 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 G under the CRM Code to the date of payment.

Did Miss G have a reasonable basis for belief when making the payment?

I've carefully considered Monzo's representations about whether Miss G had a reasonable basis for believing the purchase was genuine. Weighing everything up, I don't think it would have been evident to Miss G that there was a risk with this purchase, I say that because;

- Miss G 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 and also spoke with them on the phone on a number of occasions. 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 items were being sold for could be considered as 'too good to be true', whereby Miss G should reasonably have had doubts about the legitimacy of the item or the seller. Our Investigator, when reviewing the case, was able to identify a number of items priced similarly. While I can see the price Miss G agreed with the seller, was on the lower side of those examples, I'm not persuaded that it could be considered so outlandishly low as to have caused her concern.
- Monzo commented that this was not a sophisticated scam – that an item was paid for without having seen it in person and that Miss G sent the money, to a stranger on

social media, using a payment method that didn't offer any buyer protection. I've thought about this, and in doing so I'm mindful as to what it is realistic to have expected Miss G to do when she was making the payment. Due to the distance between Miss G and the seller, I don't think it unreasonable that she hadn't seen the item in person. I also don't think it is so uncommon for people buying items across a marketplace such as this, to not always see an item in person before doing so. And I also don't think it follows that just because Miss G asked for the item to be posted, it makes her more liable for this loss. Indeed, I think in asking for tracked postage and offering to pay more to secure that, demonstrates that Miss G wasn't proceeding without any care and diligence.

- Monzo argue that Miss G should have followed the marketplace's advice around the method of payment she used. Firstly, I don't think Monzo can rely on the marketplace's guidance. This is because, from what I've seen the information about payment is contained amongst other information and required several 'clicks' to see the section relating to payments. I don't think it's practical or proportionate to have expected Miss G to have read the help guide in its entirety before proceeding to make the payment. Miss G has said she prefers to make payment by bank transfer as it provides her with evidence that a payment has been made, I don't think this is an unreasonable position to take, albeit I agree there are other methods of payment available that may have provided more protection. But when coupled with Miss G not even holding an account, with the payment platform Monzo suggested she should have used, it is understandable why she didn't make a payment using this method.
- Miss G has said the account name and details she was provided with matched, which further reassured her that things were as they seemed. However, I haven't placed much weight on this as the beneficiary account (the account to which the money was sent), didn't support Confirmation of Payee (COP), so it is unclear how Miss G would have been aware that the bank account details and name matched. That said, Miss G didn't get a COP 'no match' when making the payment and so I don't think there would have been any red flag here that ought to have caused her to have pause for thought.
- Miss G took the time to check the seller's profile and was further convinced this was genuine. This was because she saw other items had been sold and there were other items for sale and she didn't see anything that gave her any cause for concern.

People don't want or expect to be scammed and I think overall Miss G took reasonable, appropriate and proportionate steps when she was making this payment for £590. I don't consider she had any reason to think the seller would not keep to their side of that bargain. The fact that the bank can think of additional things Miss G could have done does not mean that she did not do enough. Overall and on balance, I'm not persuaded that Monzo has shown that Miss G lacked a reasonable basis of belief for making the payment for £590.

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

Putting things right

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

- Refund Miss G the £590 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 G '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 G to accept or reject my decision before 21 April 2023.

Stephen Wise
Ombudsman