

The complaint

Mr K complains that Monzo Bank Ltd won't refund money he lost after he 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 in detail here. But in summary I understand it to be as follows.

Mr K heard, through friends and an advert on a popular social media website, about a Company, who I'll refer to as 'P', who had an opportunity for some part time work. Mr K expressed an interest and was told he could earn £60-70 a day, by completing tasks which involved downloading an application and 'liking' social media posts across a range of different social media platforms. But Mr K would be required to deposit money to receive the tasks.

Mr K has said he'd seen, on various groups, that other people had been making money this way. Alongside this Mr K said he carried out research by looking at the internet and government sites and everything checked out. This, along with how many 'followers' and 'likes' 'P' had, made him believe this was a legitimate opportunity.

Believing everything to be genuine, over a few days in January 2022 Mr K deposited over £2,000 by sending faster payments to three different limited company's, that P had provided him with bank details for. After the first payment, £99 was returned to Mr K, but he was told he needed to send more money in order to earn more. The transactions relevant to this complaint are listed below:

17 January 2022	£500	faster payment out (to payee 1)
17 January 2022	£ 99	credit received (from payee 1)
22 January 2022	£200	faster payment out (to payee 2)
24 January 2022	£1,500	faster payment out (to payee 3)

Mr K was told by P that within one week he would be able to see a return on the £2,200 he'd paid, along with bonus and commission. But he was told he would need to build up a minimum of £500 in the application before he was able to withdraw any funds. Mr K became suspicious when, in February 2022, he had difficulty trying to make a withdrawal, following which the application stopped working and P's presence across the various platforms and internet disappeared.

Mr K referred the matter to Monzo, but it declined to refund all of Mr K's 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. In summary it didn't think Mr K had carried out enough checks before making the payments.

Monzo did however think it could have done more when it was made aware of the scam, to reach out to the beneficiary banks (the banks to which the payments were made), in respect of the first and second payments (for £500 and £200). Because of this it agreed to refund Mr K 50% of his remaining loss from these two payments, after factoring in that £99 from these payments had already been credited back to him.

Unhappy with Monzo's response Mr K referred his complaint to this service. One of our Investigator's looked into things, but didn't uphold the complaint. In summary he thought the promised returns seemed too good to be true. Our Investigator thought Mr K ought to have taken a more cautious approach and carried out more research, considering he was paying different companies, and not paying P directly.

Our Investigator considered that there was no requirement for Monzo to have provided Mr K with a warning, given he didn't think the scam risk would have been apparent to Monzo. He added that Monzo had contacted the beneficiary banks but the money had already been removed from the beneficiary accounts. He said that Monzo had already refunded 50% for two of the transactions and he didn't think it needed to do anything else.

Mr K disagreed with our Investigator's view. In summary he didn't think it was fair as he'd heard of other victims whose banks had returned their money. Mr K also gave some detail of the difficulties he was experiencing and of the impact this scam has had on his finances and health.

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.

I know Mr K has referred to other situations that he says he is aware of, where he's seen that other victims have received refunds of the money they have lost. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked solely at the individual circumstances of Mr K's complaint.

I'm sorry to hear about what happened to Mr K and I don't underestimate the impact that this cruel scam has had on him. I can understand why he wants his losses to be refunded to him. However, while I have sympathy for Mr K in what happened, I have to recognise that the principal cause of his losses here were the scammers who deceived him.

The starting point in law is that Mr K will be responsible for payments he's authorised himself. 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 Mr K 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 Mr K, I think that Monzo acted fairly when it declined his claim on this basis. I also haven't found any other reason for Monzo to be responsible for his loss.

I'm aware that there are many victims of this scam and there were some features of it that made it seem more genuine to Mr K, including an application that could be downloaded through major app stores, other people seemingly having a positive experience and what appeared to be a support function that was available.

But I'm persuaded there were also other features that I think should fairly and reasonably have led Mr K to have genuine concerns that things might not all be as they seemed. I'll explain why.

Mr K has said he researched P prior to making the payments, but I note that P was only registered after he'd made the payments, so I can't agree this could have played a part in reassuring him of P's legitimacy. I'm also mindful hear that Mr K was asked to make payments to three different limited companies, none of which were obviously linked to P. Mr K has said he researched these other companies, but a search of these companies shows the nature of their business to be wholesalers of textiles, a mail order company and a non-store retailer, none of which being a social media firm and with no apparent link to P.

I think there were also other characteristics of this job opportunity that ought to have led Mr K to have cause for concern. Such as 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. Alongside this Mr K has said he was told he'd be able to recover his deposits, along with bonus and commission, within one week. But the deposits he'd made were far larger than the amount that could be earned within that time, so the prospect of breaking even or making profit didn't seem plausible within that time frame. It wasn't clear how Mr K could make a return that exceeded the money he'd been asked to pay and he seemed to take things at face value.

I don't underestimate Mr K's strength of feeling and I'm sorry to hear this has been a difficult time for him. There's no question in my mind that Mr K has fallen victim to a scam. But overall, while I accept there were some convincing aspects to this scam, 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 considered whether Monzo met other standards required of it under the CRM Code. I don't consider the payments Mr K made were remarkable enough for Monzo to have been required to provide Mr K with an effective warning at the time he was making them. Neither do I find the bank had cause to intervene or sufficient reason not to carry out Mr K's instructions.

Monzo did agree to refund 50% of Mr K's loss for the first two payments he made. This was because it thought it could have reached out to the beneficiary banks sooner than it did, to attempt recovery of Mr K's money. But the evidence I've seen suggests the money was depleted from the beneficiary accounts within minutes of Mr K making his payments. Unfortunately, it is a common feature of APP scams such as this, that recovery of the funds will prove impossible due to the funds being rapidly moved onwards from the initial receiving account.

In all the circumstances, I simply don't think there was any reasonable prospect that recovery in full (or part) could have been possible here – everything I've seen suggests that the scam operated in such a way that any funds received were rapidly removed. So, even if Monzo had reached out to the beneficiary bank sooner than it did, considering there was no reasonable prospect of recovery, I think the 50% that Monzo has already agreed to refund (of the first two payments) is fair and I can't reasonably order it to pay anymore.

I also don't consider that I could fairly require Monzo to refund Mr K for any other reasons. I realise this will be a significant disappointment to Mr K. He has lost out to a scam that seems to have been designed to deceive him into sending money to a fake company. But as I've

noted above, the blame for this lies with the scammers who engineered this scheme, and I have not found that Monzo is liable to reimburse Mr K for his losses.

Finally, in his submissions Mr K has mentioned that perhaps he should take matters through the courts. Mr K doesn't have to accept my final decision, and if he doesn't it won't be binding on him. Subject to any time limits or other restrictions a court might impose, Mr K's right to pursue a legal remedy won't have been prejudiced by our consideration of this complaint.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 November 2023.

Stephen Wise
Ombudsman