

## **The complaint**

Mr D complains that Monzo Bank Ltd (“Monzo”) won’t refund money he lost, after he fell victim to an ‘authorised push payment’ (“APP”) scam.

Mr D in bringing his complaint to our service is being represented. For ease, I’ll refer to Mr D throughout, even where the submissions have been made on his behalf.

## **What happened**

Mr D says he came across adverts on a number of social media platforms, which were for a job opportunity with a company, I’ll refer to as “PT”. Mr D explained it was advertising that money could be made by helping with social media engagements across different social media sites.

Mr D told us he saw good reviews for PT online, so he reached out to an individual who’d posted the advertisement.

Mr D communicated with the individual via a messaging app. I understand that in order to start Mr D created a profile and downloaded an app for PT. He’s told us the app looked professional and legitimate.

As I understand it, the premise was that Mr D would need to purchase packages of items/tasks which would then allow him to carry out tasks across the different social media sites and that he’d earn a commission for this.

Mr D was provided with a link to enable him to speak with the customer service part of the company and he was invited to a group, on a messaging app, to enable him to communicate with other members. Mr D says he spoke with other members who’d already invested and who’d made money by doing simple tasks.

Mr D has explained that he started off using a free ‘credit’ that was given to him when he signed up to the app. He says he used this free credit for three weeks. I understand Mr D had earned around £300 in this account from completing tasks, but he was told the minimum withdrawal limit was £500.

Following Mr D’s use of the free ‘credit’, he explained that other members had shown him that they’d withdrawn money from the app account. He said he spoke with a couple of members who had made money for about four months.

Mr D, believing all to be genuine, proceeded to make a faster payment of £2,000 from his Monzo account on 9 February 2022, to the payment details given to him. Mr D commented that to make good money he thought of investing the amount he did so that he could get more tasks to complete and make more money.

He said the £2,000 payment was a deposit required to stimulate purchasing items, which unlocked the task for the item, which in turn would then earn him commission. He said on

completing each set of tasks, he would then have his deposits added to his account along with his commission.

Mr D says before he made the payment, he questioned the payee details he was given – as this was in a different name to PT. He was told the payee was advertising for the company and that by getting 'likes and views' they generated a revenue to the company. He was told they were privately hired to do the task for the company. Mr D also says he questioned the payment method (faster payment) but that he was told the app was under development and it would take time to have this option available.

Around 14 February 2022, I understand the app went offline and has remained offline since then, with the company no longer contactable.

Mr D raised the matter with Monzo on 14 February 2022 via its in-app chat function. 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 D'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 D had taken enough steps to check who he was paying and what for.

Monzo also added that it provided a warning to Mr D, at the time he made the payment, but Mr D proceeded. Monzo did try to recover Mr D's money from the receiving bank (the bank to whom the money was sent), but no funds remained.

Mr D 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 thought there was enough going on that Mr D should've had concerns and taken further steps before he made the payment. She also didn't think the scam risk would've been apparent to Monzo when Mr D made the payment and so she didn't think Monzo needed to provide an effective warning or contact Mr D about the payment.

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

- There was a professional and high-quality app that had the functions you'd expect from a professional app. He adds that the company also had a customer service helpline and a withdrawal helpline.
- He was added to a messaging group where he was introduced to other members who verified that the process worked and that they received returns.
- He reiterated that he questioned who he was paying and was told the company he was making the payment to was responsible for its advertising. He says given the sophistication of the scam, paying an affiliate company was not a cause for concern.
- The opportunity sounded legitimate to him as there were and are legitimate companies that have a similar set up – allowing people to buy and sell likes.
- He did online research and says nothing showed any signs of concern. He says there were good reviews online about the company.

Our Investigator considered the additional points, but she didn't think Mr D had a reasonable basis for believing that he was working with the company – PT. She added that whilst she appreciated the company appeared to be affiliated with a well-known company, she thought there were other factors that ought to have caused Mr D concern, such as:

- Mr D believed he was signing up to a job opportunity with the company. She didn't consider legitimate job opportunities were usually advertised on social media

platforms. In turn, she also didn't think a job would ask for a payment to be sent prior to receiving money.

- Mr D wasn't able to withdraw what he'd earned from the free credit and so he didn't know that withdrawals were possible at the time he made the payment of £2,000.
- She recognised Mr D believed this to be a remote-working role, and that a company might have a platform where its employees communicate but thought the fact the payments and communication had to be conducted outside of the app should've caused him concern.
- She acknowledged Mr D trusted the other members on the group chat and the reviews on social media sites. But she didn't think this was effective as she considered Mr D trusted others who were affiliated with the scam and who were trying to advertise it. She said that had Mr D done some research on the company or the payee he sent the payment to, she thought it was likely he would have uncovered there was a scam.

Mr D didn't agree with the Investigator's findings and so the complaint has now 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 don't uphold this complaint. I will now explain why.

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 think Monzo has been able to establish that it may choose not to reimburse Mr D 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 D have a reasonable basis of belief?

I've thought about what Mr D has told us happened, and the reasons Monzo say Mr D didn't have a reasonable basis for belief for proceeding with the payment or that the person (employer) he was dealing with was legitimate.

Based on everything I've seen and been told; I'm not satisfied it was reasonable for Mr D to have made the payment for £2,000. I will now explain why.

I've thought carefully about what Mr D 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. Based on everything I've seen and been told, it would appear Mr D took at face value what he was being told by those he was speaking with in connection to the company and others who were already participating in the opportunity. I've not seen anything that indicates Mr D 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.

Nor have I seen that Mr D carried out any independent research about the employer prior to proceeding. Mr D has commented that the company was similar to another well-known and legitimate social network platform, and that the company had a similar logo which led him to believe it was affiliated and in turn a legitimate opportunity. I don't think it automatically follows that just because there were similarities in branding/appearance that this meant Mr D ought fairly and reasonably to have been satisfied the company was associated with the legitimate platform without having carried out any checks himself.

Mr D told us he spoke with many other members who verified that the process for the company worked, that they'd been doing the job for a number of months and, that others had received returns. I acknowledge Mr D told Monzo that this made him proceed further. But I don't think I can overlook that Mr D said he wasn't able to make any withdrawals. He added that he was told he would be able to withdraw once his balance reached £500. And while Mr D appears to have been persuaded and relied on what the other members told him, no information has been shared with our service that shows what Mr D was told or shown, that satisfied him any returns had been received. I think this is an important point, especially given that he'd not been able to make any withdrawals himself. In the absence of such information, I'm not persuaded the word of the other members, whom Mr D had not met prior to this opportunity, stating they'd received returns, ought fairly to have enticed him to spend money on this job opportunity. Nor have I seen specifically how and what the other members shared that made Mr D think he was dealing with a legitimate company.

I have also thought about the screenshots we've been given. From the limited screenshots provided, I can't say I've seen what persuaded Mr D to make the payment for this job opportunity. These include:

- a snippet of the advert for the job opportunity on the social media site,
- the contents of some messages sent via the messaging app between Mr D and customer service for the app – which provided a link to join the messaging group and
- messages between Mr D and another person related to the company/app that show he enquired about the limit to make a withdrawal and asked a question about a withdrawal someone else made.

While Mr D has provided this information in support of what convinced him to make the payment and led him to believe he was dealing with a legitimate business/employer, I don't think I can safely say that what I've seen shows what specifically enticed him to proceed to make the payment.

As I've set out above, Mr D appears to have been influenced by what he says the other members shared with him. But he hasn't given us anything that shows the profits and withdrawals he's referred to the other members showing him. In the absence of this, I can't be certain what Mr D relied on before making this payment and I'm not persuaded Mr D had satisfied himself that he would be able to successfully withdraw funds at the time of making the payment or that all was as it seemed.

I'm also mindful of the fact that Mr D made the payment to an account that was not in the name of the company or the social media sites he believed he was working with. Mr D says he did question this, and he was told the payee was responsible for its advertising. Mr D told us paying an affiliate company was not a cause for concern when taking into account all the other sophisticated aspects. I've thought carefully about what Mr D has said here. But I think this ought to have caused him some concern. I say this because, Mr D was making a payment on the basis that it was a deposit required to stimulate purchasing items. This would unlock tasks and in turn, earn him commission. Given that this job opportunity was with PT, I think Mr D being asked to make a payment to a payee whom he was told dealt with the companies advertising ought to have prompted him to ask further questions.

Mr D has also said he questioned the payment method. He says he was told the app was under development and that it would take time to have the option to pay within the app available. On this basis, he was told in the meantime the money could be sent by bank transfer. I think this is a factor that, when considered alongside Mr D being told to make the payment to a different payee, fairly and reasonably ought to have given him pause for thought and led to him proceeding with more caution.

I'm mindful that any of these individual factors in isolation may not have been enough to have prevented Mr D 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 D ought reasonably to have taken further steps to protect himself.

#### *Should Monzo have done anything else to protect Mr D and prevent the fraud?*

I've thought about whether Monzo did enough to protect Mr D from financial harm. The CRM Code says that where firms identify APP scam risks, they should provide effective warnings to their customers.

I am also mindful that, when Mr D made this payment, Monzo should fairly and reasonably have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things).

Monzo say Mr D was presented with a warning when he made the payment and despite this, he proceeded. Mr D, when reporting the scam, told Monzo that he saw the in-app warning but that since many people were already doing the job opportunity that made him proceed further.

I've considered what both parties have said, but in the circumstances of this case, I'm not persuaded the payment Mr D made to the fraudster was so remarkable that Monzo ought to have been on notice that he might have been at risk of financial harm from fraud. So, I'm satisfied Monzo needn't have identified a scam risk and in turn did not need to provide an effective warning or question the payment before processing it. Overall, I don't believe Monzo needed to do more than it did.

I've considered whether Monzo did all it could to try and recover the money Mr D lost, once he had reported the scam to it. From the evidence I've seen, Monzo did contact the receiving

bank when the matter was raised, but unfortunately the receiving bank reported that no funds remained. I think Monzo has done what could reasonably have been expected of it to try to recover the money.

I am sorry that Mr D 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 D to accept or reject my decision before 27 July 2023.

Staci Rowland  
**Ombudsman**