

## **The complaint**

Mr S is unhappy that Monzo Bank Ltd won't refund money he lost to a scam.

## **What happened**

Mr S wished to purchase some airline tickets. He received a quote from his local travel agent (that he'd used in the past), but on this occasion he decided to search online instead.

Mr S believed he was on the website for, or linked to, a legitimate airline, but he was actually on a website operated by fraudsters. He spoke to an agent, who claimed to represent a national airline, over the phone on a number of occasions. The fraudsters said that he'd need to pay a deposit of £100 to secure the tickets and then, after suggesting that Mr S needed to act quickly due to price fluctuations, a further £1,685 to complete the purchase. They sent him some emails containing the flight details, but not any actual tickets.

Mr S said that the price was about £300-£400 cheaper than the travel agent had offered, but he put this down to the lower costs of operating a business online. Mr S says that he rarely uses anything other than cash to make payments and, in the past, had only purchased tickets through his travel agent.

After Mr S made the payments, the fraudster broke off contact. He reported the matter to Monzo. It has agreed to adhere to the principles of the Lending Standards Board Contingent Reimbursement Model, which requires firms to refund victims of APP scams like this one in all but a limited number of circumstances. In this case Monzo said that it thought it could fairly rely on one of the exceptions set out in the CRM Code – that Mr S didn't have a reasonable basis for believing that the fraudster was who he was expecting to pay (the national airline), the payment was for genuine goods or services and/or the person they paid was legitimate.

Mr S referred the matter to our service and one of our Investigators upheld his complaint. They were of the view that, considering Mr S' knowledge and experience, he did hold such a belief.

Monzo disagreed. In summary it said:

- The price was too good to be true, even accepting that Mr S had genuinely been given the price quoted by his travel agent.
- Mr S ought to have known the actual process for booking a flight, as he'd used the airline before. He should have known that paying a deposit by bank transfer is not the typical process.
- While it accepted that the fraudsters applied some pressure, no legitimate airline or company would ever accept a bank transfer.
- He'd booked with the airline before, so would have known the legitimate process.

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.

Although, in law, Mr S is generally responsible for payments he's authorised himself, I'm satisfied that none of the exceptions to reimbursement under the CRM Code apply and I've decided that Mr S should be refunded in full and Monzo should pay 8% simple interest per annum on the amount of the refund from the date it declined his claim to the date of settlement.

As already set out, Monzo have sought to rely on one exception to reimbursement under the CRM Code. It argues that Mr S made the payments without a reasonable basis for believing that the fraudster was who he was expecting to pay, the payment was for genuine goods or services and/or the person they paid was legitimate. I've decided that Monzo can't fairly rely on this exception for the reasons set out below:

- The CRM Code allows me to take into account Mr S' characteristics. He does not appear to be a confident user of the internet. His representatives have said that he does not often deal with emails or make payments using anything other than cash. I've taken this into account when deciding whether his belief was reasonable.
- Mr S states that in the past he's used a local travel agent to arrange flights and received paper tickets. He hadn't booked tickets directly with the airline. So, I don't agree that Mr S ought to have been familiar with the booking process, as previous flights would have been arranged by the travel agent.
- Although the payments went to a personal rather than a business account, Mr S says he didn't really appreciate the difference. Again, I think his lack of concern can be explained by his general unfamiliarity with making payments of this type.
- I acknowledge that some of the emails weren't particularly professional in appearance and were evidently not from the airline in question, but, given Mr S' knowledge and experience, I don't think he would have reasonably identified that.
- I'd generally expect a travel agent to be able to accept card payments and paying by bank transfer carries significant risk in circumstances such as these. But, in my experience, it's not unheard of for 'bricks and mortar' travel agents, of the kind Mr S appears to be familiar with, to accept payments by bank transfer.
- It's a little unclear which website Mr S actually used. The phone number he was contacted on seems to be connected to a particular website. Mr S' representative has also provided a screenshot of that website. But Monzo seem to have identified a different website in its business file. The website I've seen is quite professional in appearance (though not obviously linked to the national airline). I'm also conscious that Mr S spoke to an agent at some length and seems to have built some degree of rapport with that person.
- As for the price, I'm aware that ticket prices have fluctuated significantly since Mr S made these payments, so any comparison with today's prices might not be completely accurate. Nevertheless, I've been able to find flights for a similar price and the price Mr S paid was only a little over £100 per person less than his local travel agent had quoted.

Overall, I'm satisfied that Mr S, based on his skills, experience and knowledge and for the reasons I've set out above, held a reasonable basis for belief when he made the payments in dispute. I therefore uphold this complaint.

### **My final decision**

I uphold this complaint and instruct Monzo Bank Ltd to pay Mr S:

- The amount lost – £1,785, less any amounts already returned or recovered.
- 8% simple interest per annum on that amount from the date Monzo declined Mr S' claim under the CRM Code to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 November 2023.

Rich Drury  
**Ombudsman**