

The complaint

Mrs W complains that Monzo Bank Ltd won't refund the money she lost after she fell victim to a task-based job scam.

Mrs W is making her complaint with the assistance of a professional claims management company, who I'll refer to as the CMC.

What happened

On 5 February 2022, Mrs W sent £800 from her Monzo account in connection with a task-based job scam. The CMC explains she was introduced to the platform by her husband, who had in turn been introduced by a colleague who'd been using the platform to make extra money. The CMC says Mrs W was added to a social media messaging group that had hundreds of members and that she saw lots of positive reviews online.

The CMC explains that in order to start working tasks, a user created a profile, downloaded an app and paid a deposit to unlock a number of tasks to complete to earn money. It says that users were rewarded for signing up other members. It explains the app looked very professional, with a logo similar to a genuine social media platform, leading many users to believe they were affiliated. The CMC says the app had excellent reviews and that some people had been able to successfully withdraw some amounts of money until the app went offline. The CMC did not say whether Mrs W had been able to withdraw any funds.

The CMC submitted a complaint directly to Monzo on 11 March 2022 and referred the complaint to us on 31 March 2022 when it had not received a final response.

Monzo issued its final response on 1 April 2022 saying it had not yet been able to investigate the matter because it had insufficient information about Mrs W's claim. Monzo asked if Mrs W could report the claim directly so it could review the transactions in dispute.

The CMC said it had already provided Monzo with enough details about the scam. When the complaint was allocated to our Investigator, he agreed that he could investigate whether Monzo has any responsibility to refund the money Mrs W sent from her account without Mrs W needing to contact Monzo directly.

On 15 March 2023, our Investigator contacted the CMC and asked it to provide more details specifically about Mrs W's experiences. He wanted to know why Mrs W was persuaded the situation was genuine and asked the CMC questions about the return that she was promised and the time scale.

On 31 March 2023, our Investigator issued his view. He didn't recommend the complaint should be upheld. In his view, he explained he'd requested additional information from the CMC but hadn't received a reply, so assessed the case with the information he had. He explained it wasn't clear how Mrs W could make a return that exceeded the deposit she'd been asked to pay. Based on what he had to go on, he thought that Mrs W had taken a lot on face value. He didn't think he could fairly say that Monzo should reimburse Mrs W under the provisions of the Lending Standards Board's voluntary Contingent Reimbursement

Model Code (the CRM Code), which Monzo has agreed to adhere to and was in force at the time Mrs W sent the money. He said he would consider any more evidence that either party wanted to submit.

The CMC acknowledged it had received the view and confirmed it would respond before the deadline. The CMC asked for an extension to the deadline as it was trying to gather more information relating to the complaint. Our Investigator agreed.

When the CMC responded, it said that Mrs W should be refunded in full because this was a convincing scam and it believed she had a reasonable basis for belief. It highlighted factors that it felt contributed to Mrs W's decision to sign up. In summary, the CMC said Mrs W being introduced by her husband gave her a sense of security about the legitimacy of the scheme. It said the app was professional and well designed and that the management was very convincing in explaining the process and how they were going to make money. It referred to the size of the social media messaging group and numerous positive online reviews. It said the validity of the company was heightened when people on the social media messaging group stated they received money back. It said the platform had extremely convincing Companies House documentation and it was believable that people could make money through remote working. It said Mrs W had carried out online research and found no negative reviews. It said we should take into account the sophistication of the scam.

Our Investigator said there was still little evidence to suggest that any profits would outweigh what was put in so it was hard to see how any money could be earned from the scheme. He pointed out there was very little evidence to show how the account Mrs W paid was linked to the scheme. Overall, he thought Mrs W should have taken a more cautious approach. The CMC asked for the complaint to be referred to an Ombudsman, so the matter has now been passed to me to decide.

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 have not seen sufficient evidence to fairly say that Monzo should be responsible for refunding the money Mrs W sent.

I think it's important for me to state at the outset there's no question in my mind that Mrs W has fallen victim to a scam. I agree with the CMC's broad submissions that this was a fraudulent scheme. But this, in and of itself, is not enough for me to say that Monzo should be held liable for some or all of Mrs W's loss. This needs to be assessed on a case-by-case basis as the facts and circumstances for each individual consumer will vary considerably, even though the underlying scam has impacted many victims.

For me to say that Monzo is responsible for reimbursing Mrs W, I would need to be satisfied that Monzo ought reasonably to have recognised she was at risk of financial harm from fraud at the time she was making the payment and the bank's failure to intervene caused her loss; or that Mrs W ought to be reimbursed under the CRM Code that Monzo has agreed to adhere to.

I don't think Monzo should have identified the payment of £800 that Mrs W made as presenting a fraud risk. It was an unremarkable payment, it didn't form part of any clear pattern and I don't think I can fairly say that it was unusual enough so that Monzo ought fairly to have challenged it at the time.

So I've gone on to consider whether Monzo should refund Mrs W because of the principles

in the CRM Code. The CRM Code sets out exceptions. If an exception applies, Monzo can choose not to reimburse Mrs W for the loss. As Monzo did not need to give an effective warning for a payment that was low and did not present a clear APP scam risk, the exception particularly relevant to this case is whether Mrs W made the payment without a reasonable basis for believing that: the payee was the person she was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom she transacted was legitimate.

To consider whether it is fair to apply this exception, I need to consider the steps Mrs W took to reassure herself about the legitimacy of the situation and whether it was reasonable for her to proceed with the payment.

But from what has been said and provided, I can't be as sure as I would need to be that Mrs W had a reasonable basis for proceeding with the payment. I've not seen clear and specific detail about the independent research Mrs W did before sending the money. The CMC says Mrs W *"completed the checks that you could reasonably expect of an ordinary person."* But it has referred to online research in generic terms. It has provided a screenshot of an internet search, but that screenshot is undated, and it is unclear whether this is information Mrs W saw at the time. The CMC has said that Mrs W found no negative reviews or signs of concern, but it has not supported specifically why Mrs W was reassured. It has referred to the app looking legitimate and to her husband's colleague successfully making money, but it has not provided any supporting evidence to show what Mrs W saw. As such, I don't know what Mrs W relied on before deciding to make this payment, and this is vitally important detail as it was key to her decision to pay money as part of this scam.

I've not seen any correspondence that may have been exchanged between Mrs W and the platform such as an employment contract or details of how the opportunity was meant to work, and I've not been provided with any details to show what tasks were given to Mrs W upon signing up or what she was expecting to receive if she completed them. I consider that what the CMC has said about the premise of this scam leans heavily on what it has been told generally by other victims rather than what Mrs W thought and understood about the opportunity at the time.

The CMC has said that the platform had extremely convincing Companies House documentation and has provided screenshots. But in these screenshots, the platform's registration wasn't filed until 10 February 2022, which is five days after Mrs W made her payment. As such, I can't place much weight on them as credible evidence to support why Mrs W believed the opportunity was legitimate. I believe this is a document that has been shared as part of the wider group of those scammed, rather than something Mrs W specifically saw, researched, or relied on, when deciding to make the payment.

I'm sorry to hear of what's happened to Mrs W and I can understand why she wants to try and recover the money she's lost. She sent her money in good faith and did not receive anything in return for it. But I can't fairly hold Monzo responsible for the actions of a fraudster.

Having considered everything that's been said and provided, I'm satisfied Monzo processed Mrs W's payment correctly and that no funds remained to be recovered once it knew what had happened. I also think the relevant exception to reimbursement under the CRM Code applies here. I've not seen enough to be able to say that Mrs W had a reasonable basis for believing this opportunity to be legitimate at the time she made the payment and in all the circumstances as they have been presented to me. As such, I have no fair and reasonable basis on which to say Monzo should be required to refund the money Mrs W lost.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 31 August 2023.

Claire Marsh
Ombudsman