

The complaint

Mr C complains that Monzo Bank Ltd (Monzo) won't refund the money he lost to what he now believes was a scam.

What happened

The details of this complaint are well known to both parties. But, to briefly recap, Mr C was searching for perfume online and came across a company, P, selling perfumes at discount prices. He found a number on P's website and spoke to them. They confirmed they had the perfume he wanted and so he placed an order.

A few days later, the perfume arrived. Mr C was satisfied with it so placed a larger order for some more perfumes, totalling £1,430. But that order never arrived. Mr C chased P for a response. They initially provided what appeared to be tracking information for a courier. But when the order still didn't arrive, Mr C told P he'd be taking action against them. He says they then stopped replying and their website disappeared – as did the courier tracking.

Mr C tried to take action against the limited company he thought he had been dealing with. But they said that P were scammers impersonating them. He also complained to Monzo that he had been scammed – but it wouldn't refund him.

Unhappy with Monzo's response, Mr C referred the matter to our service. Our investigator wasn't persuaded P had set out to scam him and so didn't think Monzo had any duties to refund him. Mr C has appealed so the matter was referred to me to decide. I issued my provision decision in April 2023 explaining I was minded to uphold this complaint.

I invited both parties to provide any further comments or evidence. Mr C replied to confirm that he had nothing further to add. Monzo didn't reply by the deadline I set. And so in line with the rules that govern our service, specifically DISP 3.5.9R and 3.5.14R, I'm proceeding to consider this complaint and reach my decision based on what has been supplied.

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.

As I've not received any new points or comments in response to my provisional decision, I see no reason to depart from my provisional findings for the reasons I've already given, which I've set out again below:

On balance, I'm persuaded Mr C fell victim to an authorised push payment (APP) scam. And that, in line with the Lending Standards Board Contingent Reimbursement Model (CRM) code – which Monzo isn't a signatory of but has agreed to follow – he is entitled to a refund from Monzo. I'll explain why.

The CRM code requires firms to reimburse their customers who fall victim to APP scams in all but a limited number of circumstances. Monzo asserts that the code doesn't apply here as Mr C isn't the victim of an APP scam. Rather, it considers that he's involved in a civil dispute – and they aren't covered by the code.

I appreciate the evidence about P isn't the most clear-cut. But I don't have to be certain P were a scam; I just need to be persuaded, on the balance of probabilities, that they set out with the intent to defraud Mr C.

While I appreciate it appears the first item ordered was provided, I'm persuaded P likely set out to deceive Mr C and that the initial order was a tactic to persuade him to pay them more money. This is because:

- The invoices Mr C has provided – both for the order received and the unfulfilled order – contain details, such as a company number, for a legitimate limited company. But that company have confirmed that P aren't linked to them and are impersonating them. It's unlikely P would do that if they were providing legitimate services.
- Mr C went to the extent of trying to take court action against the limited company he understood he was dealing with, which adds credibility to his account of what happened.
- P set up a bank account in the name of the limited company, which is where Mr C paid his funds in line with the invoices. It seems the recipient bank accepts this account wasn't actually set up by the limited company, as they've told us they've *'taken action to prevent any further fraud from occurring'*.
- The limited company have confirmed in court that the funds didn't go to them. All of this supports that P were dishonestly impersonating a genuine company.
- The invoices also show a website set up in the name of the limited company. And that website was quickly removed when Mr C challenged P. This action is consistent with what you'd expect from a scammer.
- It appears that P also provided fake tracking information and that the genuine courier didn't actually receive the package. Again, that shows an intent to deceive – rather than, for example, a failure to deliver the products despite having the intent to do so.
- While it does seem odd that the first item was delivered, taking the above circumstances into account, I consider it more likely this was a tactic by the scammer to persuade Mr C they were legitimate. That persuaded him to make a subsequent higher value order. So P have, overall, received a lot more from Mr C than it will have cost them to provide the one perfume they sent.

As such, in line with the CRM code, I think Monzo should refund Mr C for the unfulfilled order as I'm persuaded this was an APP scam. He paid P on the understanding he was paying a genuine company for a genuine order. But the person he paid was in fact acting fraudulent.

I have considered if there are any exceptions within the code for why Monzo shouldn't reimburse Mr C. And I haven't found that any such exceptions apply. I don't think Monzo did anything wrong by processing the payment at the time, as I don't think it had grounds to be suspicious. But equally, I'm persuaded Mr C had a reasonable basis for believing he was dealing with a legitimate company providing legitimate services.

I'm conscious the perfume prices were lower than I've found elsewhere. I still consider it reasonable that Mr C trusted P – who he understood to be offering discounted items. They had a website and appeared to be registered properly with companies house, giving the appearance of legitimacy. The bank account details they provided backed up that they were who they said they were. Their invoices looked professional. And Mr C placed the larger order after he'd received, and was satisfied with, his initial smaller order. So it's reasonable that he thought his subsequent order would also be fulfilled.

In all the circumstances, I'm therefore satisfied that the CRM code applies here and that Monzo ought to refund Mr C for his loss.

My final decision

For the reasons given, my final decision is that I uphold this complaint. Monzo Bank Ltd must refund Mr C's fraudulent loss of £1,430. It should pay 8% simple interest per year on this amount, from the date Monzo refused to refund Mr C to the date of settlement, to compensate him for the loss of use of the funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 June 2023.

Rachel Loughlin
Ombudsman