

The complaint

Mr A complains that Monzo Bank Ltd (“Monzo”) won’t refund money he lost after falling victim to a scam.

What happened

In 2022, someone added Mr A as a friend via an instant messaging app. Mr A says that he didn’t know the person who added him but says they had over 10,000 friends. They were selling a second-hand camera that Mr A was interested in, so he contacted them and asked about the camera.

Mr A agreed to pay £550 for the camera and made a payment of £250 from his Monzo account, as well as a payment of £300 from an account he held with another bank. Mr A never received the camera and raised a fraud claim with Monzo in May 2022.

Monzo looked into Mr A’s fraud claim but declined to refund him. They considered his claim under the Contingent Reimbursement Model Code (the CRM Code) and said an exception to reimbursement applied as Mr A hadn’t done sufficient checks to ensure the seller and the goods were genuine. Monzo contacted the bank Mr A sent his money to but were unable to recover any of his funds.

Mr A wasn’t happy with Monzo’s response, so he brought a complaint to this service.

An investigator looked into his complaint and upheld it. The investigator felt that Mr A had a reasonable basis for believing the seller and the goods were genuine, so Monzo should fully refund him and pay interest on that refund.

Monzo disagreed with the investigator’s opinion saying the instant messaging app that Mr A used to buy the camera doesn’t facilitate selling goods or have a checkout facility like other social media platforms. They also highlighted that the app Mr A used is designed to have messages disappear.

As the case couldn’t be resolved it was passed to me to review.

My provisional decision

On 24 April 2023, I issued a provisional decision explaining I was intending to reach a different outcome than the investigator and wanted to give both parties a chance to respond before I issue a final decision.

In my provisional decision I said:

Monzo aren't a signatory to the Contingent Reimbursement Model Code (CRM Code) but have agreed to adhere to the provisions of the Code. The CRM Code requires firms to reimburse customers who have been victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- 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 service; and/or the person or business with whom they transacted was legitimate.

* There are further exceptions outlined in the CRM Code, but they don't apply to this case.

Having reviewed the case, I agreed that Monzo can rely on this exception to reimbursement for the following reasons:

- Mr A was added as a friend by someone he didn't know. Mr A didn't find the person and add them because he was looking to purchase an item, instead they contacted him out of the blue. It's not clear why they added Mr A as a friend or how they had selected him, and I would've expected Mr A to ask questions about this.
- The messaging app that Mr A used isn't a standard platform used for buying or selling because the app deletes all messages after a short period of time. So, it provides no history or record of any exchanges between the parties, including any record of what was being sold/brought and what was agreed by both parties.
- Mr A agreed to buy the camera for £550 but says similar cameras he'd seen advertised were generally priced at £600 to £700. He says the seller told him that he was selling the camera as he needed to pay his daughter's school fees. But with such a significant discount in the price, I believe Mr A should've been concerned and done checks to verify the legitimacy of the seller and the goods before paying for the item.
- Ultimately Mr A was agreeing to buy an item from someone he didn't know, who contacted him out of the blue and who hadn't proven they possessed the item they were selling.

Taking all of these points into consideration as a whole, rather than on an individual basis, I'm not satisfied Mr A had a reasonable basis to believe that he was dealing with someone who was legitimately selling a camera. I think there were enough red flags that Mr A should've taken steps to verify the authenticity of the person he was dealing with and the goods they were selling before making the payment.

But I also considered whether Monzo met the standards set for them under the CRM Code. In this case, the payment Mr A made was for £250. Based on the size of the payment and Mr A's previous account usage, I'm not persuaded that Monzo should've identified an APP scam risk and therefore they weren't required to give an effective warning. On that basis, I'm satisfied that Monzo met the standards set for them.

I can see that Monzo contacted the bank Mr A sent his money to promptly on being made aware of the scam. But unfortunately, no funds remained in the beneficiary's account. So, I'm satisfied Monzo took appropriate steps to try and recover Mr A's funds.

I'm sorry to disappoint Mr A and realise that losing this money has had a serious impact on him. But, for the reasons given above, I'm can't fairly ask Monzo to refund him.

Responses to my provisional decision

Monzo accepted my provisional decision and said they had nothing further to add.

Mr A hasn't provided a response, despite us contacting him on 16 May to remind him of the deadline to respond.

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 neither party has provided me any new information or evidence, I see no reason to reach a different conclusion to the one I reached in my provisional decision. On that basis, I don't uphold this complaint for the reasons I set out above in my provisional decision.

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 A to accept or reject my decision before 20 June 2023.

Lisa Lowe
Ombudsman