

## **The complaint**

Mr P is unhappy that Monzo Bank Ltd hasn't refunded him after he was the victim of an Authorised Push Payment scam.

## **What happened**

Mr P found an exercise bike to purchase using a social media platform. He said the seller had an existing profile, dating back three years. He spoke with the seller through the platform messaging service and direct over the phone. He asked questions about the bike he was purchasing, including asking if the seller had the original receipt of purchase and warranty. The seller said they did and they would be included when the bike was delivered.

Mr P agreed with the seller to pay half for the bike upfront and the other half on receipt of the bike. Mr P said the seller had other bikes for sale and his profile showed others he had sold. The seller provided account details not in his own name, and said these were their partner's. After the payment was made, Mr P requested the delivery information. This wasn't forthcoming and after the bike wasn't delivered on the agreed date, he could no longer reach the seller he raised the matter as a scam with Monzo.

Monzo looked into the matter but decided not to refund Mr P. It said it contacted the receiving bank when Mr P reported the scam, but no funds remained. It went on to say whilst it isn't signed up the Contingent Reimbursement Model (CRM) it considered if it could reimburse Mr P but concluded Mr P didn't have a reasonable basis of belief when deciding to make the payment. It said it gave Mr P a warning at the time he made the payment, Mr P didn't carry out enough checks to ensure the sale was genuine, the price was too good to be true, and he didn't follow the guidance on the social media platform about selling responsibly.

Our investigator looked into things and said Monzo should refund Mr P and pay 8% simple interest from the date it declined the claim to the date of settlement. He thought Mr P had a reasonable basis of belief when making the purchase and payment. He thought he carried out a reasonable level of checks. He only transferred half the amount of the total cost – agreeing to the pay rest on receipt of the bike. He researched the seller, who seemed genuine. Mr P also had a phone conversation with the seller, which added to the seller's credibility. Although he didn't use the recommended payment channel, this isn't uncommon and payments outside of this method are regularly used and can be legitimate. Monzo disagreed.

As the complaint couldn't be resolved it was passed to me. I set out my provisional findings, which I've included below.

### ***My provisional findings***

*Monzo has said whilst it isn't a signatory to the CRM code it has considered the scam Mr P fell victim to, in the spirit of the code, when deciding whether to refund him or not. As such I have considered the application of the code here.*

*Monzo said it provided a warning as part of its requirements under the code. But I don't think this is an effective warning. It doesn't bring to life how a purchase scam might feel and what steps Mr P might have been able to take to protect himself from such a scam. But ultimately, I don't think Monzo was required to give an effective warning under the CRM Code, in these particular circumstances. I think this because the payment was a low value one. Monzo was entitled to consider there were no apparent APP scam risks here. And I've found no other reason why Monzo ought to have contacted Mr P about the £425 payment before he made it.*

*Moving on to other considerations under the code, Monzo is relying on an exemption to refund Mr P, saying he made the payment without a reasonable basis of belief that the payment was for genuine goods or services and/or the person or business with whom he transacted was legitimate.*

*And I agree, there is enough persuasive evidence that Mr P ought to have been suspicious about the purchase and therefore didn't have a reasonable basis of belief for proceeding with this payment.*

- *Mr P has provided the message conversation between him and the seller and this shows he was inquisitive about the bike, asking questions about its condition, age and warranty.*
- *He asked that the original receipt and warranty be included when the bike was delivered. However, he didn't ask to see these documents before he made the payment. It's not clear why he asked about them but then didn't obtain copies before making any payment. They could have provided reassurance about the legitimacy of the bike sale.*
- *Mr P spoke to the seller over the phone. And I can see why this would have reasonably given Mr P some assurances about the intentions of the seller. But I think there were other things about the seller's behaviour, which ought to have concerned Mr P. The person he spoke to on the phone wasn't the same person that had placed the advert. The explanation being the seller's sister advertised the bike on the seller's behalf. But then an entirely different name is given for the account payee. I think this layering of three people involved should have caused Mr P to be concerned about who he was dealing with and where the payment was going.*
- *Monzo has said the price of the bike was too good to be true and I agree. There are a range of prices for the bike Mr P was attempting to purchase. Brand new it costs approximately £3,500 and second hand around £1,500. Mr P says he's seen the same product in the price bracket that he paid. I haven't seen evidence of the bike being near the price Mr P agreed with the seller and most I've seen are around £1,500, which is almost double the price he paid (which included delivery). So, I think, Mr P ought to have considered if this was an offer that was too good to be true.*

- *Mr P says he did make enquiries about why the seller was selling this bike (and at that price) and was told they were looking for a quick sale. I think that's a somewhat suspicious reason, given the too good to be true price and other mentioned factors about how the seller was behaving. And there was no detail as to why a quick sale was being sought.*
- *Mr P agreed with the seller to pay for half the bike upfront and the other half on receipt of it. This seems like a sensible and cautious way to proceed and demonstrates Mr P did take some measures to protect himself and of course it has prevented him from losing the full amount he'd agreed to pay for the bike. But he still proceeded with that payment and I think paying the reduced amount is some recognition of the risk involved here.*

*Overall, I think there were enough red flags about the sale and the seller's actions which meant overall, I don't think Mr P had a reasonable basis of belief.*

Monzo responded to the provisional decision to say it accepted my findings and had nothing further to add. Mr P responded to say he was disappointed with my findings. He felt he did a significant amount of research on the seller, who appeared genuine, with other items for sale and a lengthy history on the platform. He wasn't familiar with buying on this type of platform and had to rely on some kind of honesty and he feels he took reasonable steps to mitigate the risk. He's seen other consumers who have been scammed and refunded by their bank and feels he's receiving different treatment from Monzo.

### **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.

I've considered the additional comments from Mr P but they don't persuade me to reach a different outcome. As I have already set out, I think Mr P did take some steps to mitigate his losses but I think there were some obvious red flags about the arrangement between him and the seller that ought to have caused him to stop and question if the sale was legitimate. And he could have obtained the receipt and warranty which the seller said they had and this would have been a simple step to mitigate the existing risk - but he didn't do this. So overall I'm persuaded Mr P didn't have a reasonable basis of belief when deciding to make this payment.

Every bank and case will be decided on its own merits, so I can't say because other banks have refunded, that Monzo is in the wrong not to refund here. My role is to decide if Monzo has fairly applied the CRM code here and the exception not to refund and I think it has.

I know Mr P has said this was a lot of money to him and I'm sorry he's been the victim of a scam but I'm not asking Monzo to refund his losses here.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 August 2023.

Sophia Smith

**Ombudsman**