

The complaint

Miss T complains that Monzo Bank Ltd won't refund money she lost to a scam.

What happened

Miss T was looking for a place to rent. She found somewhere suitable listed on a popular social media marketplace.

She contacted the person who created the advert. They advised they'd moved to another country, but that the rental could be arranged through a well-known holiday rental website (that I'll call D). They also sent Miss T photographic identification.

Miss T was told she'd need to pay two months' rent and a deposit to D's escrow account. D would also arrange a viewing of the property once it received payment. If, following the viewing, Miss T didn't want to rent the property, she'd receive a refund.

Miss T made a payment of £1,490 by way of faster payment from her Monzo account. Soon afterwards the recipient claimed not to have received the money and asked Miss T to pay it again. Miss T got in touch with Monzo and the firm which received the payment she'd made and it transpired that she'd been the victim of a scam.

Monzo declined her claim. It said that she hadn't carried out enough due diligence, the social media website was not an appropriate place to find a long-term rental and D did not offer the services the fraudster claimed.

She referred the matter to our service and one of our Investigators upheld her complaint. They thought that Miss T had carried out appropriate checks and were of the view that the scam was quite convincing. So, under the Contingent Reimbursement Model ("CRM Code"), which Monzo has agreed to adhere to the principles of, Miss T didn't lack a 'reasonable basis for believing' that the offer was legitimate.

Monzo continued to disagree, so the complaint 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.

The starting point in law is that Miss T is responsible for any payments she's authorised herself. But, as set out, the CRM Code requires a firm to reimburse victims of APP scams that fall under its provisions, unless a firm can demonstrate that one of the exceptions to reimbursement apply. In this case, Monzo says that Miss T lacked a reasonable basis for believing that she was dealing with a legitimate provider of accommodation.

I've thought about this point carefully and I think that the matter is relatively finely balanced.

The advertised price of £550 per month, for a two-bedroom apartment including all bills, seems low. Miss T checked other well-known property listing websites, so I think she would have been aware of that. But I don't think the price was so low that Miss T ought to have thought it was too good to be true. I have been able to find properties for a similar monthly rent in the same area, albeit without the inclusion of monthly bills and for a longer rental period.

I don't agree with Monzo that the fact the property was listed on an online marketplace was necessarily a red flag. That online marketplace is little different from a classified advertisements service and, while I recognise that it is rife with scams, it doesn't strike me as a particularly unusual place to find a property.

It is true that D does not offer the service that the fraudsters claimed they did. They do not have agents and, as of the time of writing, don't appear to allow the booking of long-term rental properties. A quick search online of 'D' and 'long term rental' shows that other people have either fallen victim to or, at least, become involved in the same scam.

Nevertheless, the CRM Code allows me to take into account Miss T's relatively young age and the fact that she says she's never used D before. The hyperlink provided by the fraudster to Miss T no longer seems to work. But it appears that she sent a screenshot of the website to Monzo. It's quite a convincing mock-up of D's genuine website (though I note the checkout date shows an error message). I've also seen the email which appeared to come from D which confirmed the booking and asked for payment. I think it also looked quite convincing. I note that Miss T received both photographic ID and a photograph of the seller that seemed to corroborate the fraudster's story about being overseas. And it's clear that Miss T, at least initially, believed that her money was safe because she was making the payment to D, rather than directly to the landlord. I think that belief was reasonably held, such that I don't find it unreasonable that she made the payment prior to seeing the apartment. I also note that she did not make a second payment and took sensible steps to ensure that her money had either been received by the recipient or returned to her. I think this suggests that she wasn't generally acting carelessly.

Overall, while I accept this is a finely balanced point, the evidence persuades me that Miss T did not lack a reasonable basis for believing that she was dealing with a legitimate landlord and paying for genuine services. Therefore Monzo should refund her in full under the provisions of the CRM Code.

Finally, I consider the £75 paid to Miss T for the delays in assessing her complaint to be reasonable.

My final decision

For the reasons I've explained, I uphold this complaint and instruct Monzo Bank Ltd to pay Miss T:

- The amount lost - £1,490, less any amounts already recovered or returned.
- 8% simple interest per annum on that amount from the date Monzo declined Miss T's claim under the CRM Code to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 26 October 2023.

Rich Drury
Ombudsman