

The complaint

Mr C is unhappy that Monzo Bank Ltd hasn't refunded him the money he lost after he fell victim to an Authorised Push Payment ("APP") scam.

What happened

The details of this complaint have been laid out in detail by our Investigator and are well known to both parties, so I won't repeat everything again here. Instead, I will provide a brief summary and focus on giving the reasons for my decision.

In May 2022, Mr C was contacted about an investment opportunity. After discussing the opportunity with, who he thought was, a portfolio manager and believing everything to be genuine, Mr C decided to invest. He went ahead and made the following faster payments from his Monzo account;

3 August 2022	£5,000
3 August 2022	£5,000
19 August 2022	£10,000
20 August 2022	£10,000
21 August 2022	£10,000
22 August 2022	£10,000

But unknown to him at the time, Mr C was dealing with fraudsters and had sent his money to accounts the fraudsters controlled.

On realising he'd fallen victim to a scam Mr C raised the matter with Monzo. Although not a signatory of the Lending Standards Board Contingent Reimbursement Model (the "CRM Code"), Monzo has committed to follow its principles. The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. Monzo looked into Mr C's complaint and issued its final response in August 2023, not upholding it.

In summary, it said it didn't think Mr C had taken enough steps to check who he was paying and what for. Monzo did recognise the service it provided Mr C could have been better and credited £25 to Mr C's account as a gesture of goodwill in recognition of this.

Unhappy with Monzo's response, Mr C brought his complaint to this service. One of our Investigator's looked into things and didn't think Monzo needed to do any more. In summary, our Investigator thought there was enough going on that Mr C ought to have reasonably had some concerns about the payments he was making. She added that even if Monzo had provided Mr C with further warnings, she didn't think it would have made a difference as Mr C was adamant he was going to make the payments towards the investment.

Mr C didn't agree with our Investigator's view. As agreement couldn't be reached, the complaint has been passed over 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.

I'm aware in his submissions Mr C has referred to other people who he said had fallen victim to the same scam who had been refunded by their banks. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked at the individual circumstances of Mr C's complaint.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Having done so, I have reached the same conclusions as those of the Investigator. I'm extremely sorry to hear about what happened to Mr C. I can understand entirely why he feels so strongly that his money should be returned to him. It's important to clearly acknowledge that it is not in dispute here that Mr C has been the victim of a crime and I can understand how losing this money has impacted him, and I'm sorry to hear of the difficult time he's been going through.

But I can only compel Monzo to refund Mr C if it is responsible for the loss incurred. Having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Monzo should be held liable for the money Mr C has lost. I will explain why.

The starting principle of the CRM Code, that I mentioned earlier, is that a firm should reimburse a customer who is the victim of an APP fraud except in a small number of circumstances. The exceptions to reimbursement relevant to this case are:

- The customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer ignored an effective warning in relation to the payment being made.

Unfortunately, I think the evidence suggests Mr C didn't have a reasonable basis for believing he was dealing with a legitimate financial business when he made the transfers. I say that because prior to sending payments from his Monzo account, Mr C had made payments from an account he held with another provider and had been told by the fraudster to lie about the purpose of the payments. I don't think a legitimate investment firm would have any good reason to tell a client to lie to their bank.

Alongside this, I'm also mindful that the first bank Mr C made payments from had raised concerns with him about the potential of this being a scam. Following this, Mr C became uncomfortable with lying and the fraudster told him to open an account with another bank. Despite the intervention from his other bank, Mr C went ahead and opened a new account so that he could continue making his payments. I think the actions of his other bank stopping his payments and raising concerns about the risks ought to have given Mr C cause for concern.

I've also seen that Mr C was called out of the blue about the investment and none of the payments Mr C made, to multiple different payees, were being made to accounts in the

name of the company Mr C believed he was investing in. Which again, I think ought to have stood out to Mr C as being unusual.

I can understand how in isolation any one of these things may not have prevented Mr C from proceeding. But when taken collectively I think there were sufficient unusual factors here that Mr C ought to have acted far more cautiously than he did. I'm satisfied, therefore, that Mr C didn't have a reasonable basis for believing he was making a payment for a legitimate investment, so Monzo isn't required to provide him with a full refund under the CRM Code.

I've also considered whether Monzo met its standards under the CRM code in terms of the warnings it provided to Mr C when making the payments. The code also says;

SF The assessment of whether a Firm has met a standard or not should involve consideration of whether compliance with that standard would have had a material effect on preventing the APP scam that took place

In the circumstances of this case I don't think better warnings or intervention by Monzo would have made a difference here, and I'm persuaded there is convincing evidence to support this finding.

I don't think any further probing or questioning would have likely led to Mr C undertaking any further research or would have led him to suspect he was being scammed. Where Mr C's other banks did intervene and discuss the payments with Mr C, he was determined to make the payments and often gave false information regarding their purpose, albeit I accept under the instructions of the fraudster.

On the balance of probabilities, if Monzo had questioned Mr C further about the first or subsequent payments, I think it more likely than not he would have continued to follow the fraudster's instructions in not providing the full detail behind the intentions of his payments. For reasons already explained he seemed intent to make the payments and I think that's what he would have done irrespective of any further warnings or questioning. So, even if Monzo had provided effective warnings, on balance and for the reasons explained, I'm not persuaded it would have had a material impact on preventing the scam.

Finally, I've also considered whether Monzo could have done more to try to recover the money once it had been told of the scam. We'd expect a business to take reasonable steps to try to recover the money from the bank it was sent to. Monzo did try and recover the funds Mr C had made by faster payment, but unfortunately no funds remained.

I do have a great deal of sympathy for the situation that Mr C finds himself in and it is unfortunate that he has lost money to this cruel scam. But for the reasons I've explained I'm not persuaded it would be fair or reasonable for me to ask Monzo to refund Mr C the money he sadly lost.

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 C to accept or reject my decision before 29 March 2024.

Stephen Wise
Ombudsman