

The complaint

Miss T is unhappy that Monzo Bank Ltd ("Monzo") won't refund the £500 she lost when she fell victim to a vehicle purchase scam.

What happened

In February 2023, Miss T saw a private advert for a vehicle on a well-known online marketplace. She contacted the seller and agreed to pay a deposit to secure the vehicle. On 24 February 2023, Miss T transferred £500 to the individual she thought she'd purchased the vehicle through. However, when she turned up to see the car, she realised she'd been scammed.

Monzo declined to refund Miss T as it felt she didn't take enough steps to check who she was paying and what for.

Our investigator upheld the complaint. She felt Miss T had a reasonable basis for belief when she made the payment.

I issued my provisional decision on 26 January 2024 explaining why I was thinking of reaching a different outcome to the investigator.

Miss T did not agree. She said:

She is not a car expert so when looking at cars around the same price, she thinks it is unfair to say that she should have known the price was too good to be true. She had looked at several cars with similar descriptions. It is a sales advert so unlikely it would say any bad points about the car.

She was not surprised that Monzo came back to her and said that the beneficiary bank account was empty. She feels if they had acted quicker, they would have been able to resolve this.

She did try phoning Monzo to report the scam in the first instance, but she couldn't get through to anyone so had to go through the chat function - which is slower.

When she made the payment, it did not come up with 'no match', it came up with something along the lines of 'not an exact match'. It showed the name of the scammer's partner. If it had said 'no match' she would not have transferred the money as that would have rang alarm bells straight away.

She did not get a message saying, 'could someone be trying to scam you?' It did not show any of the 'effective warnings'.

She had numerous documents from the scammer before transferring any money - passport, bank statement, utility bill and she did an MOT check to ensure it matched with the advert mileage.

She is a member of a group where this has happened to numerous people. Those people took exactly the same steps as her, got exactly the same documentation, made exactly the same transfer via their banks for the same amount but they have had refunds from their banks.

Monzo didn't make any further comments or representations but responded to the questions I asked within the provisional 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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Having considered Miss T's further representations, I see no reason to depart from the conclusions set out in my provisional decision. I have concluded that the fair and reasonable outcome, in all the circumstances, would be not to uphold this complaint. For completeness, I have set this out below and addressed Miss T's points within it to form my final decision.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. There's no dispute here that Miss T authorised the payment – albeit she was tricked into making the payment. She thought she was paying a deposit for a car, but this wasn't the case.

However, where a customer makes a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

The CRM Code

Monzo isn't a signatory of the Lending Standards Boards Contingent Reimbursement Model (CRM) Code but has said it is committed to applying the principles set out in it. So when thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Miss T in line with the provisions of the CRM Code and whether it ought to have done more to protect Miss T from the possibility of financial harm from fraud.

The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

It is for Monzo to establish that one or more of the exceptions apply as set out under the CRM Code. The exception relevant to this case is:

In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was legitimate.

There are further exceptions within the CRM Code, but they do not apply in this case.

The CRM Code also outlines the standards a firm is expected to meet. And it says that when assessing whether the firm has met those standards, consideration must be given to whether compliance with those standards would have had a material effect on preventing the APP scam that took place.

Did Monzo meet its obligations under the CRM Code and should it have done anything further to prevent the payment?

The CRM Code says that, where firms identify scam risks, they should provide effective warnings to their customers.

Banks can't reasonably be involved in every transaction. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. I don't think the transaction was unusual or suspicious and I don't think Monzo ought to have identified a scam risk as a result. So I don't think Monzo needed to provide an effective warning or ought reasonably to have taken any further action before processing the payment.

Did Miss T have a reasonable basis for belief?

I need to consider not just whether Miss T believed she was paying a deposit for a car but whether it was reasonable for her to do so. I've thought about the steps Miss T took to reassure herself about the legitimacy of the transaction and whether it was reasonable for her to proceed with the payment.

Too good to be true

Monzo made substantial submissions regarding the prices of a different make and model of car to the one Miss T paid a deposit for. It said the value Miss T was quoted for the car was too good to be true and she should have been concerned about whether it was a genuine sale as a result.

I should start by saying that Monzo experienced some confusion regarding the model of the car Miss T paid the deposit for. This is because after falling victim to the scam - Miss T sent Monzo a second advert she saw from the same scammer. The second advert was a different model and make of car to the one she paid the deposit for. But this was just to show to Monzo that the same person was trying the same scam with a second vehicle. This was subject of Miss T's message to Monzo in the chat history dated 1 March 2023. And it was down to Monzo to ask Miss T about the specific car she thought she was buying. The model of the car Miss T paid the deposit for and its registration number were the subject line of the payment.

So I have thought about whether the vehicle Miss T thought she was buying was too good to be true. The vehicle was a limited-edition with a 1.2 litre engine marked as being reduced

from £2,500 to £2,000. And the advert said it was in 'stunning' and 'great' condition. And when Miss T ask the seller whether there was anything wrong with the car – the seller said there wasn't.

Our investigator obtained an indicative valuation of the car based on the exact model and age Miss T believed she was paying for. Those evaluations are based on prices at the same time as the scam i.e. February 2023 - and reflect the typical sale price from recognised industry trade guides.

So, on the face of it, for that specific model and specification it was significantly below the market price. However, I have taken into account that Miss T wasn't specifically looking for a model with this exact specification. Miss T says she was just generally looking for this model of car. So, I don't think it would necessarily be fair or reasonable to apply the specifications of the car in this scenario when thinking about whether the value would have seemed too good to be true.

But even looking at the basic version of the model of the car – the price does seem much lower than marker values at the time. Miss T did say she saw cars advertised between £2,000 to £6,000.

I am not persuaded by Miss T's position that the price was not significantly lower than other similar vehicles. I have no reason to doubt what Miss T has said about other adverts she saw. But I don't think I can fairly say that it was representative of the type of vehicle that is typically available at this price point.

Even if I accept a seller might not achieve a price towards the top end of the estimated ranges - on balance, I'm persuaded that the price the vehicle was advertised for was too good to be true (roughly half the value of a basic model) and ought to have raised concerns in and of itself. The seller even said the car was in great condition.

I appreciate Miss T is not a car expert and I wouldn't expect her to be. I can see why this low price likely would have enticed Miss T. But this can also be an indicator that something is not quite right about the seller or proposed deal being offered.

Especially without reasons, I think Miss T should have been much more sceptical about why an individual would be willing to sell this car (or even a more basic version) for half its market value. This coupled with the fact Miss T was also unable to view the car, (and I appreciate she explored doing this and it was too far away to view) I would've expected Miss T to have been more wary.

Ultimately Miss T placed a lot of trust in a stranger. I consider that Miss T ought to have had greater concerns about the deal and that, in turn, ought to have led to a greater degree of scrutiny on her part. Buying a car through a social media marketplace without viewing it and at a considerable discount was always a big risk. And I think Miss T knew this was a risk - as within the chain of messages with the scammer, it's clear she was uncomfortable sending even a deposit. She said *it's scary transferring it for something I haven't seen*.

Confirmation of payee and low friction warning

Monzo says there was a 'no match' result when Miss T entered the scammer account details and this should have caused concern. Miss T says she thought it showed a 'close match' or similar result – but she says it definitely was not a 'no match'. Miss T explained if it had been she never would have gone ahead.

But Monzo's detailed electronic timeline of the transaction does show the transaction produced a 'no match' result. And it also shows that shortly after this a low friction APP fraud warning was triggered as well as a new payee warning. I have no reason to doubt Monzo's electronic timeline records – so on balance I think it more likely than not a 'no match' result was displayed – followed by the warnings. Although I appreciate Miss T may not have noticed at the time or now recall what was displayed.

Whilst I don't know for certain what Miss T would have seen as a result, Monzo has sent us examples of the screens of the low friction warning and new payee warning screens it says would have been displayed. This included a pop up saying, '*could someone be trying to scam you?*' And to stop if the offer sounds too good to be true. The new payee no match warning also asked could someone be trying to scam you. Again, on balance I think it more likely than not that this would have been displayed but accept Miss T may not have noticed this or now recall seeing it. The timeline indicates she didn't spend long on the warnings.

I do also accept that Miss T did have a plausible explanation as to why the name on the account didn't match – and she had the reassurance of the (presumably faked) joint statement of account she'd been sent as identification. But when I think about everything I've said above holistically, I think there was enough going on here to reasonably have caused Miss T concern.

In my provisional decision I asked Monzo to confirm the payment purpose Miss T entered and whether any further specific payment purpose warnings would have been shown. But Monzo has confirmed that the low friction warning did not ask for a payment purpose. So neither of the examples I outlined in my provisional decision would have been displayed and Miss T has also confirmed this was the case. I've already concluded above that Monzo didn't need to provide an effective warning as defined by the Contingent Reimbursement Model (CRM) Code. I had only originally proposed considering any warning content and how it reasonably ought to have filtered into Miss T's reasonable basis for belief. But as these warnings weren't displayed, I haven't considered this any further.

Other checks

I recognise Miss T carried an MOT check on the car (which I think would have given some indication of the condition of the car rather than confirming ownership). I appreciate Miss T asked for the logbook and this wasn't possible and instead she received photo and address identification for the seller. But it remains that she was buying a car she'd not seen at a substantial discount. And looking at these red flags in the round, I think she reasonably ought to have done more to satisfy herself that it was legitimate before making a deposit.

Did Monzo do enough to recover Miss T's funds

I've also thought about whether Monzo took reasonable steps to recover Miss T's funds once it was made aware she was the victim of a scam. The scam payment was made on 24 February 2023 at 10:33. The scam was initially reported on 26 February 2023 at 11:24. I appreciate Miss T tried phoning Monzo and had to resort to its chat function instead. I also note that it took Monzo some time to come back to Miss T to confirm that no funds remained in the beneficiary bank account. But I have now seen the evidence from the beneficiary bank account showing that Miss T's funds were removed immediately after she transferred the money on 24 February 2023 – so two days before she knew she was the victim of a scam. So even if it had acted earlier, I don't think Monzo could have done anything more to recover Miss T's funds as they had already left the scammer's account.

I appreciate others who fell victim to the same scam may have received a refund. But I am not deciding those cases. I am deciding the case before me based on the evidence I have in this particular case. I judge each case on its own merits and what may appear (on the face of it) to be a similar set of circumstances, may often transpire not to be the case.

I realise Miss T is disappointed with my decision. I sympathise with her circumstances and I am sorry she has fallen victim to a scam and lost her money. But having considered all the evidence and arguments, I don't think Monzo can fairly be held liable for her loss.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 21 March 2024.

Kathryn Milne
Ombudsman