

The complaint

Mrs B complains that Monzo Bank Ltd ('Monzo') declined to offer her a refund of £829.20 which she says she lost as the result of a scam.

What happened

In July 2023, Mrs B found herself locked out of her property and so she found a locksmith online and reached out to them. At this point, Mrs B was told that the total cost of the service she required would be £59.

When the locksmith arrived, he said further work was needed because Mrs B's door was fitted with a security lock, and this would increase the estimated cost to £250. Mrs B says she was hesitant at this point as this was significantly more than she had planned to pay. However, before she had time to confirm whether she wanted to proceed or not, the locksmith went ahead and started to complete the additional work.

Once in her property, Mrs B says the locksmith began to ask her inappropriate questions and she began to feel uncomfortable and wanted him to leave. She says he jotted down an invoice on a piece of paper and a further invoice was also sent via email. Mrs B says it was at this point she realised the total bill she was being asked to pay amounted to £829.20. Mrs B says at this point, she felt intimidated and unsafe. The locksmith made it clear that he wouldn't leave the house until payment was made and so reluctantly Mrs B went ahead and made the payment from her Monzo account.

After the locksmith had left, Mrs B said she did some research into the company he worked for online and found that the company's accounts were outstanding and that there were various reviews indicating that other people had been treated in the same way as she had been. Concerned that she had been the victim of a scam, Mrs B contacted Monzo, Action Fraud, Trading Standards, and the Police.

Mrs B says that her contact with Monzo was particularly frustrating. She's told us that it was very difficult to find a contact number so she could speak to someone directly. And when using the online chat function in the Monzo app, she was passed between numerous agents and was required to explain what had happened to her over and over again. Mrs B says Monzo frequently took longer than it should have to respond to her complaint points and questions, and it took 3 months to provide her with a final response letter in which Monzo ultimately declined her request for a refund.

Mrs B now feels that had Monzo been more accessible, she would've got her money back.

Monzo declined Mrs B's request for a refund because it felt her situation amounted to a private civil dispute between her and the locksmith which was not covered under the Contingent Reimbursement Model ('CRM code'). It did, however, recognise that the service it had provided to Mrs B had not been good enough and so it offered her £60 in compensation by way of an apology.

Mrs B remained unhappy with Monzo's response. She didn't accept the offer of compensation put forward by Monzo and she brought her complaint to this service instead and one of our Investigators looked into things.

Our Investigator did not uphold the complaint. In summary, she didn't think it was unreasonable for Monzo to have deemed what had happened to Mrs B as a civil dispute between Mrs B and the locksmith. And she agreed that it was unlikely that Mrs B's circumstances, whilst almost certainly very distressing, amounted to a scam under the CRM Code.

Mrs B remained dissatisfied and as no agreement could be reached, the case 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.

In considering what's fair and reasonable, I am required to take into account relevant law and regulations; regulator's rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this and this simply reflects the informal nature of our service as a free alternative to the courts.

So, having thought very carefully about what Mrs B has told us and Monzo's actions, I won't be upholding Mrs B's complaint. I do appreciate how disappointing this will be for her. And I want to stress how sorry I am to hear about what happened to her and how she was made to feel in her home - but this doesn't mean I can fairly hold Monzo liable for her loss now.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I can quite understand why Mrs B feels she has been scammed, there are a number of potential reasons why a dispute can exist, other than a scam, and I think this is the case here.

When considering what is fair and reasonable in this case, I've thought about the CRM Code, which Monzo has agreed to act "in the spirit of" and which was in force at the time Mrs B made the payment now in question here.

The CRM Code

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM Code applies in the circumstances Mrs B has set out and whether Monzo ought to reimburse her under the provisions of the Code. But the Code is quite explicit that it doesn't apply to all push payments. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”

So, the CRM Code isn't a general protection for consumers. Instead, it only applies in very specific circumstances – where the customer has been the victim of a scam. In order for me to conclude that Mrs B has been the victim of a scam, I'd have to be satisfied that the locksmith deliberately tricked Mrs B into making a payment for services which he had no intention of providing. And I'm not persuaded I can say this is what happened here because Mrs B paid for a service which was provided.

Mrs B is now dissatisfied with the service she received because she was significantly over-charged and made to feel uncomfortable in her home. But dis-satisfaction with a supplier who provided a legitimate service is specifically excluded under the CRM Code. And so, I don't think it's unreasonable for Monzo to have reached the conclusion that Mrs B's circumstances amount to a private civil dispute between her and the locksmith/company rather than a scam which it should become involved in now.

I've taken on board what Mrs B has said about the locksmith's invoice number, the online reviews, and the lack of up-to-date accounts but I don't think this means Mrs B's circumstances now meet the high legal threshold of this being a scam. It is equally likely that all of the above are an indication of a poorly run business. And regardless, the service Mrs B paid for was ultimately provided to her.

Customer service

Monzo took longer than it should've to provide Mrs B with a response to her complaint and I can see that during this period Mrs B chased Monzo on numerous occasions for an update only to receive a generic, templated response. I have no doubt that this was frustrating for Mrs B given what had happened and I understand why – the service provided by Monzo was not good enough. However, I can see that Monzo has already recognised that its customer service fell below what is expected of it here and it has already offered to pay Mrs B £60 by way of an apology for this. Generally, I think £60 is reasonable in the circumstances and I don't recommend that Monzo increase its offer further.

I also want to acknowledge what Mrs B said about her likely being able to retrieve her funds had Monzo been more accessible at the time. But I'm not persuaded that this would've been the case. Monzo would not have any grounds to retrieve the funds from the receiving account if it was deemed that Mrs B's circumstances amounted to a civil dispute. And any potential chargeback would likely have been unsuccessful as the locksmith would've been able to evidence that the service agreed had been completed and an invoice provided. And so, I don't think any immediate action by Monzo would have resulted in the outcome Mrs B has suggested here – the return of her funds.

It is also not the role of this service to tell Monzo how to conduct its business. So it would not be possible for me to direct Monzo to set up an accessible phoneline or pass complaints to individual case-handlers as Mrs B has suggested.

Finally, I want to stress that I realise that my decision will be disappointing for Mrs B. I'm sorry to hear about the situation she found herself in which sounds undoubtedly distressing. And I don't dispute that she has likely been treated poorly by the locksmith that came into her home. I understand that her experience must've been intimidating and frightening. And as I've said, she may well have grounds for a legitimate civil claim against the locksmith in question. But that doesn't now mean that her circumstances meet the high legal threshold

for fraud or that this payment is covered under the CRM Code and so I won't be asking Monzo to do anything further here.

My final decision

For the reasons stated above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 April 2024.

Emly Hanley Hayes
Ombudsman