

## **The complaint**

Miss L is unhappy that Monzo Bank Ltd hasn't reimbursed her the money she lost after she fell victim to an Authorised Push Payment ("APP") scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary I understand it to be as follows.

Miss L wanted to buy a kitchen for her campervan. She found one that was suitably priced on a popular online marketplace and, after contacting the seller, she agreed to buy it. On 10 August 2023, Miss L used her Monzo account to transfer £350 to the seller's account.

Miss L has said she was persuaded that the seller was legitimate as, amongst other things, they'd been a member of the online marketplace for a number of years and had a history of updates. Alongside this, when Miss L's partner expressed interest in purchasing another item the seller had for sale, he was told it was already sold, making them believe this was genuine. As well as this, Miss L has said she conducted all the available checks she could, which included a reverse image search to confirm this was not a duplicate.

Unfortunately, it turned out that she wasn't dealing with a legitimate seller, but with a fraudster and had sent the money to an account the fraudster controlled. Miss L realised she'd been scammed when the seller stopped replying to messages and then blocked her. She later found out that other people had fallen victim to the same scam.

Miss L raised the matter with Monzo. It looked into her complaint, but didn't uphold it. In summary it didn't feel Miss L had taken enough steps to check who she was paying and what for.

Unhappy with Monzo's response, Miss L then brought her complaint to our service. One of our Investigator's looked into things and thought it should be upheld. The Investigator considered the complaint under the terms of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code and concluded that Miss L had made the purchase with a reasonable basis for believing it was a legitimate sale.

Monzo disagreed with the Investigator's view. In summary, it maintained that Miss L didn't have a reasonable basis for belief, in what it considered was a low value, low sophistication scam.

As agreement couldn't be reached the complaint has been 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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Miss L lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- In the circumstances Monzo should now fairly and reasonably refund the money Miss L lost.

I'm satisfied that Monzo hasn't established that Miss L made these payments without holding a reasonable basis for believing that she was paying for a legitimate item. I consider the steps she took were proportionate in the circumstances. I will go on to explain why I have reached this finding.

I've taken into account the evidence provided by both sides. Under the terms of the CRM Code, the victim of an APP scam such as this should be reimbursed unless the bank is able to establish that one (or more) of the exceptions to reimbursement can be applied.

Here Monzo argues that Miss L had no proof the item existed and it says having an online presence for a long time doesn't prove anything, or guarantee that a customer will get the item. I agree that none of the evidence Miss L saw could have provided conclusive proof of the goods being genuine, but that is not the test required under the CRM Code. Miss L was merely required to have a reasonable basis for believing this was legitimate. And while none of the steps she took, such as; a reverse image search, looking at the seller's profile and enquiring about other items could give conclusive proof, I'm satisfied that what Miss L relied on was proportionate to the value and the wider circumstances of this transaction.

If there had been any glaring red flags then I might think differently, but here I am satisfied that there was nothing that ought to have caused Miss L particular concern. Monzo has pointed to the fact that Miss L received a mismatch message regarding the receiving account type. Evidently that's not quite what happened, with Monzo's own internal records showing that Miss L received a 'maybe match' response when attempting to make the payment.

The actions Miss L took in response to this 'maybe match' don't seem unreasonable to me. She reached out to the seller requesting the full name of the account holder (she had previously only been given initials), which then delivered a 'name and account type' match result. Importantly here, when Miss L raised the matter, the fraudster didn't give her a completely different account to pay, which may have appeared suspicious, rather here it was simply clarification of what the account holders initials stood for.

Overall and on balance I'm satisfied that Miss L made the payment with a reasonable basis for believing this was a genuine seller and a genuine item. It follows that I am not satisfied Monzo has established that it can fairly rely on the relevant exception to reimbursement under the CRM code.

### **Putting things right**

For the reasons outlined above, I've decided it is fair and reasonable to uphold Miss L's complaint. I therefore require Monzo Bank Ltd to pay Miss L;

- The money lost through this scam, being the sum of £350
- 8% simple interest per year on that amount calculated from the date the bank originally declined Miss L's claim until the date of settlement.

**My final decision**

My final decision is that I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 8 March 2024.

Stephen Wise  
**Ombudsman**