

The complaint

Miss A complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost when she was the victim of a scam.

What happened

Miss A says that a friend of hers referred her to a social media post about a company I'll refer to as G in this decision that sells hotels and flights that are discounted by 50%. She says that G had good reviews which persuaded her it was legitimate. She made an initial payment of £90 for a room in a hotel with a spa but was then asked to pay a further £110 to different account details which would be refunded to her. Both payments were made on 31 August 2023. Miss A didn't receive a booking confirmation and after she had made the payments, she didn't hear from G.

Miss A contacted Monzo to say she was the victim of a scam on 2 September 2023. In early October Monzo said it wouldn't refund Miss A.

In November 2023 a representative of G called Miss A and asked her to pay a further £300 and said she would then receive a £500 refund. He explained that this was how G's business model worked. Miss A made the further payment on 12 November 2023. Shortly afterwards, Miss A raised a further report with Monzo about this subsequent payment as she didn't receive the refund or any further contact from G.

Monzo considered Miss A's claim under the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) and didn't agree to reimburse her. It said Miss A didn't take enough steps to check who she was paying and what she was paying for. Monzo was able to recover £53.96 from one of the banks that received Miss A's funds, which has been returned to her.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said Monzo acted reasonably in relying on an exception to reimbursement in the CRM Code as Miss A didn't have a reasonable basis for believing G was legitimate. The investigator also said that Monzo didn't need to provide Miss A with a warning when the payments were made given the value of the transactions.

Miss A was unhappy with the investigator's findings and asked for a final decision, so her complaint has been passed to me. In summary she said:

- Monzo didn't warn her she may be falling victim to a scam.
- She doesn't understand why Monzo only refunded £53.96.
- A larger bank would have helped her more.

After the investigator issued his view Monzo provided its file.

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 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.

I'm sorry to hear about this cruel scam and of the impact it has had on Miss A.

I've considered whether Monzo should have reimbursed Miss A under the provisions of the CRM Code and whether it ought to have done more to protect her from the possibility of financial harm from fraud.

There's no dispute here that Miss A was tricked into making the payments. But this isn't enough for her to receive a refund of the money under the CRM Code. Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- The customer made payments without having 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

There are further exceptions outlined in the CRM Code that do not apply to this case.

Taking into account all of the circumstances of this case, I think the concerns Monzo has raised about the legitimacy of the transactions Miss A made are enough to support its position that it can rely on an exception to reimbursement set out in the CRM Code. I don't think she had a reasonable basis for believing that the person she transacted with was legitimate. I say this because:

- Miss A found G through social media and relied on social media reviews only. There are a lot of fake posts and reviews on social media so I think Miss A should have approached the opportunity with a degree of scepticism.
- Although Miss A says she was dealing with a business (G) the funds she sent went to three different personal accounts. I think Miss A ought reasonably to have had concerns about this at the time. In respect of the third payment Miss A got a message to say that the account name matched but the account type didn't (as she was paying a personal account).
- There was nothing to link the social media posts with a genuine business and Miss A didn't complete any checks to ensure she was dealing with a legitimate business.
- Miss A didn't receive a booking confirmation or evidence that a hotel room had been booked.
- Miss A provided Monzo with some messages she exchanged with G. The language in them isn't professional.
- I don't consider the explanation given to Miss A about the reason for subsequent payments was plausible. I don't know of a legitimate business that asks customers to pay further funds to secure a refund of money already paid. I think Miss A ought to have serious misgivings about being asked to do this and completed further checks before agreeing to do so.
- Miss A made the final payment of £300 after reporting the first two transactions as scam payments. It's hard to understand why she agreed to send further funds when she already knew G wasn't legitimate.

It's the combination of these factors that lead me to believe Miss A didn't have a reasonable basis for belief, none of them can be considered alone.

Monzo has an obligation under the CRM Code to provide an effective warning if it identifies an APP scam risk in a payment journey. In this case, I don't think Monzo should have

provided Miss A with an effective warning when she made the payments or taken any other steps to prevent them from being made. Although I appreciate the loss of the funds has had a significant impact on Miss A, the value of each transfer was relatively small and there was nothing obviously concerning about any of them. Miss A has said Monzo should have warned her she was sending funds to a scammer. But, at the time Miss A made the payments Monzo had no reason to know that Miss A was likely falling victim to a scam. This only became clear when Miss A didn't receive what she expected, and representatives of G stopped communicating with her.

Monzo should contact the banks that received scam funds to try to recover them promptly when a scam is reported. In this case, Miss A reported the £110 transaction to Monzo on 2 September 2023. She mentioned another payment to another account (for £90) but didn't raise a claim in respect of it. Monzo contacted the bank that received the £110 payment on the same day. Whilst I think Monzo should have done so sooner than it did, I've seen evidence from the receiving bank which persuades me that it wouldn't have made a difference to the amount Monzo was able to recover.

Miss A then reported the loss of £110 again together with £90 on 2 October 2023. Monzo contacted the receiving bank, but no funds remained to return to Miss A. Miss A reported the £300 payment to Monzo on 12 November 2023. Whilst I think Monzo could have acted a little more promptly, I've seen evidence from the bank that received this payment to say that this amount was rapidly removed from the account so by the time Miss A reported the scam the funds had been removed. So, I don't consider Monzo could have done anything more.

Overall, whilst I'm really sorry to hear about this cruel scam and the impact it has had on Miss A, I can't reasonably ask Monzo to refund her.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 27 March 2024.

Jay Hadfield
Ombudsman