

## The complaint

Miss A complains that Monzo Bank Ltd won't refund 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.

In July 2023 Miss A, was looking for a property to rent. She's told us that due to her circumstances she was desperate to move, as she'd been in an abusive relationship. She saw a property that interested her and began communicating with whom she believed to be the landlord. Following which, she agreed to rent the property and proceeded to make the following payments, totalling £1,329, to secure the property;

17 July 2023	£480
17 July 2023	£550
17 July 2023	£299

But unknown to Miss A at the time she was dealing with a fraudster and had sent her payments to accounts the fraudster controlled.

On realising she'd been scammed, Miss A contacted Monzo. It has committed to follow the Lending Standards Board Contingent Reimbursement Model (CRM) Code (although it isn't a signatory) which 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. Monzo looked into Miss A's complaint and concluded it had no responsibility to refund her loss. In summary this was because it didn't think Miss A had taken enough steps to check who she was paying and what for.

Unhappy with Monzo's response, Miss A brought her complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld. In summary this was because our Investigator thought Miss A's circumstances, at the time of the scam, were such that she was more susceptible to falling for a scam of this type. He also didn't think Miss A could reasonably have been expected to protect herself. He therefore thought Monzo should have reimbursed Miss A under the provisions of the CRM Code.

Monzo didn't agree with our Investigator's view. In summary it said from the messages it had seen between Miss A and the fraudster, that there had been gaps in Miss A responding, which it said didn't indicate a degree of urgency in her trying to find a property to live in. Alongside this, it said its records indicated that she was living with her partner. As well as this Monzo said that Miss A had not previously mentioned a vulnerability to it.

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 A lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.

The CRM Code requires firms to assess whether a customer was vulnerable to the APP scam they fell victim to at the time it occurred. The relevant sections state:

*"A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered.*

*This should be assessed on a case-by-case basis.*

*In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable. [...]*

*Factors to consider include:*

*(a) All Customers can be vulnerable to APP scams and vulnerability is dynamic. The reasons for dynamics of vulnerability may include: the personal circumstances of the Customer; the timing and nature of the APP scam itself; the capacity the Customer had to protect themselves; and the impact of the APP scam on that Customer*

*(b) A Customer's personal circumstances which lead to vulnerability are varied, may be temporary or permanent, and may vary in severity over time*

*(c) APP scams may include long-running APP scams or in the moment APP scams."*

Miss A has been brave enough to tell us something of her background, which I imagine was hard to do. These details have been shared with Monzo, so I don't feel the need to go into them in great detail here.

I have considered what she's told us carefully. As mentioned above, there is provision within the CRM Code for a customer to be reimbursed notwithstanding the exceptions to reimbursement, if the customer was vulnerable to APP scams and it would not be reasonable to expect them to have protected themselves against the particular scam they fell victim to.

I've no reason to doubt Miss A's submissions regarding her background. Miss A's background recalls a spiral of abuse, with roots back to her childhood, through to her adult life. When considering the individual circumstances of this case, I'm persuaded that the nature of this type of scam, preyed on and exploited both historic trauma that she had suffered and the more recent events of abuse that she has told us about.

Monzo didn't think there was enough evidence to prove Miss A was vulnerable at the time of making the payments. It said it hadn't been made aware of Miss A's vulnerabilities. It added

that it didn't appear that there was any urgency in her trying to find a property and that she was living with a new partner.

But Miss A has explained that the accommodation she was staying at was temporary, as she sought to escape domestic abuse, and she had been asked to leave as soon as she could. It also doesn't follow that just because Miss A hadn't told Monzo about her circumstances, that this in anyway would mean Miss A isn't eligible for a refund when considering the CRM Code's requirements around vulnerability.

I'm persuaded that, given what Miss A has told us, the deep-rooted vulnerabilities would have impacted Miss A's capacity to think clearly about the requests for payments while they were happening. I'm persuaded they made her both more susceptible to falling victim to a scam of this nature and also impacted her ability to protect herself. In short, I don't consider it would be reasonable to expect Miss A to have protected herself against the APP scam she fell victim to at that time.

With this in mind it would be fair to say reimbursement under the CRM Code applies and Monzo should refund Miss A the money she lost to the fraudster.

### **Putting things right**

For the reasons explained, Monzo Bank Ltd should now:

- refund Miss A £1,329, being the total amount of money she paid to the fraudster from her Monzo account.
- Pay 8% simple interest on that amount, calculated from the date Monzo Bank Ltd originally declined Miss A'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 A to accept or reject my decision before 29 February 2024.

Stephen Wise  
**Ombudsman**