

## **The complaint**

Miss A complains that Monzo Bank Ltd hasn't refunded her after she fell victim to a scam.

## **What happened**

Much of the background here relates to activity linked to one of Miss A's accounts held with a different bank (which I'll refer to as H). But the detail is relevant to the outcome of this complaint, so I've included it in the description of what happened.

Miss A says she was contacted by an acquaintance (I'll refer to as M) who asked her to help him gain access to some funds. He said he knew someone that was owed money (£1,800) and needed someone to accept the payment into their own bank account before withdrawing the cash. She says she agreed to help and met up with M on 18 April 2023.

Upon meeting, Miss A got into M's car along with his friends. From this point I'll refer to this group collectively as M, to save confusion. Miss A says she was asked for her account details to receive the transfer. She logged onto her online banking with H to check for her details, but her phone was snatched out of her hands. She demanded it back but was refused, with M and his friends assuring her everything was ok.

When Miss A got her phone back, she could see a £9,000 payment into her account with H. She questioned why she'd been sent so much – having only been expecting £1,800 – and was told the sender had made a mistake. M told Miss A to withdraw the full amount and hand over the cash, saying they'd take care of everything from there.

But Miss A only had her Monzo card with her and the withdrawals were limited to £400 a day. M suggested she send the money to her friend who could then withdraw it. Miss A proceeded to do so, and her friend withdrew and handed over the cash.

Miss A says after this happened, she checked her online banking again and could see the £9,000 payment into her account had actually come from a new loan with H in her name. It had been applied for and paid into her account on the same day. It was this money that Miss A had then transferred away.

Miss A questioned M about the loan. He said it wasn't a loan but looked like one because the money had come via a cryptocurrency payment. M went on to tell Miss A he could help clear the entry. He said she'd need to buy mobile phones in order to do so.

Miss A went on to buy a total of four mobile phones, taking all on finance. She says she then handed these over to M, but doesn't know what happened to them or how they would be used to clear the loan entry which appeared on her banking app.

M then said they'd need more money to help. Miss A sent what she was instructed, making five payments from her Monzo account, over the course of five days. Some of this was funded from her savings. Some was funded by direct debit indemnities that had been raised on her account with H.

Miss A says she complied with all M's instructions as she was being coerced and was worried about the loan showing in her name.

Miss A says she realised she'd been scammed after speaking with a friend. She contacted H and Monzo to report what had happened. H agreed to refund the payments she'd made and unwind the loan. But Monzo held Miss A responsible for the payments.

Monzo said Miss A had authorised the payments herself and so they were her responsibility. It considered what Miss A had said about being scammed and whether she ought to be refunded under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. But it said Miss A had acted without a reasonable basis for believing she was paying legitimate parties for legitimate purposes, an exception to reimbursement set out in the Code. So it maintained that it wouldn't refund.

### **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.

I'm not upholding Miss A's complaint, I'll explain why. In doing so I may talk broadly about events that occurred, without going into the specifics and sometimes combining the details of different elements of the complaint. I've done so to provide as much clarity for my decision as possible, where some of the circumstances can get somewhat confusing.

Miss A authorised all the payments that are the subject of this complaint. And so, under the Payment Service Regulations (2017), she is presumed liable for them. That's a position reflected in her account terms and conditions. And it remains true even where she may have made payments because of a scam.

However, Monzo has also agreed to assess scam claims under the provisions of the CRM Code, though it isn't a signatory to it. The Code states that scam victims should be refunded in most circumstances. But there are exceptions to reimbursement that a firm may rely on. That is what Monzo has done here. It's said Miss A lacked a reasonable basis for believing she was paying legitimate parties for legitimate purposes. It's my role to say whether I think it's acted fairly and reasonably in doing so.

I will go on to assess Miss A's complaint under the provisions of the Code. However, I must say that I do have some significant doubts about the validity and accuracy of Miss A's version of events. The scenario as a whole sounds largely implausible from start to finish. There are many elements that don't really make sense or lack proper explanation. I'll come on to cover some of those shortly. But I must say, as an impartial and independent reviewer of the case, taking account of all information and evidence provided, I'm not persuaded we have an entirely truthful testimony here.

Our service takes evidence and information – including a customer's version of events, in their own words – at face value. But there will sometimes be things that are said which don't stack up against established facts. It's also the case that this service will make an assessment on the balance of probabilities, which is to say what we believe is more likely than not to have happened. And I'm not entirely persuaded it's more likely than not Miss A has fallen victim to a scam. At the very least there must be some key details about what happened that are missing or incomplete.

I've decided to continue with my assessment of Miss A's complaint anyway, because it is very difficult to see how the outcome might be more positive even if she revealed further detail that was a better account of what actually happened. I can't see how she would have had a reasonable basis for believing any of what she was being told.

The scam is unusual from the very beginning. Miss A seems to have been contacted by someone she didn't know particularly well, about helping someone she didn't know at all with the receiving of money from an unknown source. There appears to be no questioning on Miss A's part about why she was being asked to help, or why someone else wasn't better placed to do so. It's fair to say Miss A's basis for belief is weak – at best – from the very outset.

Miss A's phone is then essentially stolen from her – albeit temporarily. She knew she was logged into her online banking at the time. And she knew M's actions were worrying. But

there doesn't appear to have been any action from Miss A to get herself out of the situation. And she doesn't seem to have thoroughly checked her accounts at the time, given the loan went unnoticed.

The idea that she was sent £7,200 more than expected by accident is a further red flag that something wasn't right.

Miss A's friend then appears to have been pulled into the situation. Money was sent to her, not in one go, but in two separate payments of £2,500. And each of those payments had a different reference. I can see no logical explanation for that being necessary. It's also unclear why Miss A didn't send all the money on the same day. More than £3,000 wasn't sent until the following day.

When the money does arrive with Miss A's friend, it then moves around between her accounts. There are many credits and debits across her accounts. Some of these don't seem to involve M, and yet the loan funds are tied to the payments.

I'm unclear on why Miss A's friend would need to be so involved. Especially as payments were being made over more than one day. For instance, if it was supposedly because Miss A didn't have her own cards or ID to withdraw cash, she'd clearly have had the opportunity to obtain them over the course of more than one day.

Miss A came to know – or ought to have known – someone had applied for a loan in her name with H. But she didn't contact H about it at the time. Instead, for reasons largely unknown, she believed M could help get the loan removed.

Somehow, the method for doing so involved the buying of mobile phones by way of entering into contracts and finance agreements. Miss A has offered little explanation for how this was meant to help. And I can't think of any reasonable explanation for how that might be the case. It's also unclear how the mobile contracts Miss A entered would be unwound and it seems she sought no explanation from M. It's also noteworthy that Miss A had already paid away all the loan funds by this point, and so any value to be taken from the phones was already in addition to what she'd forwarded on in cash.

Miss A continued to send money at M's instruction even after she'd handed over the phones. It's only at this point any of the activity connected to the scam moves to Monzo and transactions begin to take place on this account. Someone had raised direct debit indemnities on her account with H. I don't know how someone other than Miss A would have been able to do this, given it would have required direct contact with H to raise a direct debit dispute. That contact with H would doubtless have required the passing of security.

Miss A could see the money in her account with H and she was aware that she didn't know its source. But she still didn't question this with H, despite what she knew about the loan by that point and despite it being clear M was – by Miss A's own description – manipulating and coercing her. So it's not possible to say she had a reasonable basis for proceeding.

For reasons unknown and unexplained, Miss A then sent the direct debit money to Monzo before sending it on to M. I can't see why she would have needed to do so. And whilst this alone isn't a substantial piece of evidence or information, it adds to the growing concern that something is amiss here.

Miss A has provided some messages between her and M that were sent and received whilst the scam was ongoing. They are limited, and Miss A says she's sent all she can as most conversations were in person or on the phone. I'm not necessarily persuaded that is true. I can't say for sure, but it looks as though there were more messages and these simply haven't been provided. I suspect that might be because they would reveal details Miss A doesn't wish to share.

There is evidence to support that within the messages we do have. And in referring to those messages here, the case for saying there was a lack of a reasonable basis of belief also

grows. Some of the things said within the messages that have been shared don't tally with the version of events described by Miss A. There's mention of her being repaid in cryptocurrency, though it's unclear why that would be the case at all. There's also mention of M 'topping up' one of the scam payments by £1,000. It's difficult to see how that fits in with the circumstances described by Miss A. The same is true of M's reference to Miss A connecting her account to an unknown party's business account. I don't know what is happening across these messages; it's simply not possible to determine even a more likely than not scenario. But I'm not persuaded they support Miss A's version of events or that she held a reasonable basis for belief for making the payments.

Overall, even if I take all Miss A has said as being true, I can't say she held a reasonable basis for believing she was making payments for legitimate purposes. The scam never really makes sense and each new development and request for payment – in whichever form – only diminishes the plausibility of the scenario. So much so in this case that I have significant doubts about what we've been told by Miss A. But, as I've said, even if I take Miss A at her word, I'm not able to say Monzo has acted unfairly or unreasonably.

It's arguable that Monzo ought to have delivered an effective warning when Miss A was making some of the payments. What constitutes an effective warning is set out in the CRM Code. But I'm not persuaded any warning from Monzo would have made a difference here anyway, and so I'm not going on to consider the point further. If all Miss A has said is true, then it's difficult to see how Monzo would have been able to dissuade Miss A from continuing.

Miss A has also explained how she feels she was vulnerable to being scammed in this way because of her neurodiversity. She's provided supporting evidence from medical professionals she's spoken to.

Whilst I can see how some of her decision making and recognising the need to act might have been affected, I can't say she was unable to protect herself from this scam, which is the requirement under the Code for a full reimbursement to be made (where exceptions to reimbursement otherwise apply).

I say as much because the scam took place over several days. Miss A wasn't always with M. And she was in direct contact with at least one other person – the friend to whom she'd sent money – about the situation. She had time to consider what was happening and could look at what activity was occurring on her accounts. It's also the case that I've seen little evidence of M exerting pressure on Miss A or coercing her. The gaps and contradictions in the evidence and circumstances haven't helped in establishing that Miss A ought to be reimbursed on the grounds of vulnerability either.

Having considered all the above, alongside any other possible reasons it might be fair for Monzo to reimburse Miss A, I can't say the complaint should be upheld.

### **My final decision**

I don't 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 19 March 2024.

Ben Murray  
**Ombudsman**