

The complaint

Mr R complains that Monzo Bank Ltd did not refund a series of payments he lost to a scam.

What happened

Mr R was looking to hire a luxury car for a family member's wedding. He found a company I'll call 'X' on a social media site and contacted them. He made the following payments via bank transfer:

- 4 April 2023 - £300 (this bounced back into Mr R's account)
- 4 April 2023 - £300
- 6 April 2023 - £350
- 7 April 2023 - £1,000
- 26 April 2023 - £500

On the day of the wedding, the car didn't arrive, and X told Mr R the delivery driver had crashed it on the way. He was promised a refund, but after a number of excuses this did not arrive. Eventually, Mr R realised he had been the victim of a scam and raised a scam claim with Monzo.

Monzo took some time to reach an outcome and Mr R was unhappy with these delays. Monzo offered him £50 in recognition of this, but it did not agree it should provide a refund in the circumstances. And it attempted to recover his funds from the beneficiary banks, however none remained. Mr R referred the complaint to our service.

Our Investigator looked into the complaint and assessed the payments under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. This is a voluntary code and while Monzo has not officially signed up to it, they have agreed to follow the principles of it. They felt that Monzo had met their obligations under the code, but Mr R had not, so Monzo was able to rely on one of the exceptions to reimbursement under the code. Because of this, they did not agree Monzo needed to refund Mr R in the circumstances.

Mr R disagreed with the findings and pointed out that a third-party bank had refunded the transfers made from his account with them, so he thought Monzo should too.

As an informal agreement could not 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.

The starting point under the relevant regulations and the terms of Mr R's account is that he is responsible for transactions he's carried out himself. However, Monzo has agreed to follow

the principles of the CRM Code and, taking into account regulators' rules and guidance, codes of practice and what I consider to have been good industry practice at the time, should have been on the lookout for unusual and out of character transactions to protect its customers from (among other things) financial harm from fraud.

I've first considered whether Monzo should refund Mr R under the provisions of the CRM Code. They seek to rely on one of the exceptions to reimbursement, that Mr R made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or X was legitimate.

Mr R found X on a social media site, and says they had a website at the time which mentioned some reviews, but he didn't carry out any additional checks on the company.

Mr R spoke with an individual with the initials SS, who also went by SU, UB, and in an e-mail from X he also signs off as RU. X also went by a number of different business names, all of which were variations of 'super care hire'.

I can see Mr R initially attempted to pay one company name, however that bounced back and from what I've seen of Monzo's evidence, Mr R would have received confirmation that the name he input when making the payment did not match the name on the actual account. When this payment bounced back, he paid an account in the name of UB as well as another business name for a later payment. He was told the bounce back was due to the business account being frozen at the time.

While I appreciate Mr R has said he did not notice the varying business names, I think it would have been reasonable for him to realise he had input two separate names when making payments. And I think he should reasonably have been wary of the fact the individual he had been speaking to seemingly went by a number of different names.

Overall, I do think there were enough warning signs to mean Mr R should have been more cautious. Such as the varying business names as well as of the individual he was dealing with, issues with the business account being frozen and confirmation the name of the recipient account didn't match the one he input for the first payment. When this is considered as a whole, I don't think Mr R had a reasonable basis to believe he was paying for legitimate goods or services, or that X was legitimate.

I've gone on to consider whether Monzo met its obligations under the code, as it should be on the look out for unusual or out of character transactions. On balance, the payments Mr R made were relatively spread out, and weren't particularly high in value. So, I don't think they were unusual enough to warrant intervention or an effective warning from Monzo in the circumstances.

As I think Monzo met their obligations under the code, and Mr R did not, it follows that Monzo is not required to reimburse Mr R in the circumstances, I understand this will be disappointing for Mr R, especially as another bank reimbursed him. However, every transaction is different, even if it was made towards the same scam, so while it may have been reasonable for that transaction to be reimbursed, having carefully considered everything here, I don't think Monzo needs to reimburse these ones.

I can see Monzo took steps to try and recover Mr R's funds on 12 June 2023, around two days after he reported the scam. While I think they could have acted a little quicker, I also have to consider that the last payment to the scam was made on 26 April, around six weeks prior. Generally speaking, a scammer will remove funds from the beneficiary account as soon as possible, so I think that even if Monzo had acted right away, it's unlikely any funds would have remained.

Finally, I can see Mr R was unhappy with Monzo's process when it responded to his claim and I agree it took them some time to look into his claim in detail, and this would have been frustrating for him. I can see they have paid him £50 in recognition of this and while this is a little on the low side, it is still within the range of what I would have recommended in the circumstances. So, I think this is fair compensation and I don't recommend Monzo take any further action.

My final decision

I do not uphold Mr R's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 May 2024.

Rebecca Norris
Ombudsman