

The complaint

Mr C complains that Monzo Bank Ltd won't refund the money he lost as the result of 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 in detail here. But in summary, I understand it to be as follows.

In or around October 2023, Mr C was put in touch with somebody, via a mutual friend, who was selling luxury watches. The person said the watches were selling for £6,000, but because of his connection with his mutual friend, he could get the watch for the same price his friend had been given, being £2,500. Mr C added that the watch was being bought from a different country, as it worked out much cheaper, but added that his friend had sold a watch he had bought for £8,000, so he thought he was going to make a profit.

Believing everything to be genuine, Mr C wanted to go ahead. The seller told him that he should open a Monzo account, as he was told it doesn't charge overseas fees, so he wouldn't have to pay any charges. Mr C went ahead and made the following payments, totalling £2,500, to account details the seller provided, which was for a UK based account;

16 October 2023	£1,000
19 October 2023	£1,500

But unknown to him at the time, Mr C was dealing with a fraudster and had sent his money to an account the fraudster controlled. Mr C became aware that he'd been scammed when the watch didn't arrive and he received a letter from Border Control telling him that it had seized illegal substances, which he thought must be connected.

Mr C raised the matter with Monzo. Monzo is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to the provisions of it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Monzo investigated Mr C's fraud claim but concluded it had no responsibility to refund his loss. Monzo also said that it had tried to recover Mr C's money, but unfortunately was unable to recover any of the money lost.

Monzo did recognise that the service it provided could have been better, as it said its investigation took longer than it would typically expect and a manager didn't contact Mr C when he had asked for one to. In recognition of this it compensated Mr C with £125.

Unhappy with Monzo's response, Mr C brought his complaint to this service. One of our Investigator's looked into things, but didn't think the complaint should be upheld. In summary, our Investigator thought there was enough going on about the transactions Mr C was making that he should have taken further steps before he made the payment.

Mr C disagreed with our Investigator's view, in summary he didn't agree that the price he

was paying for the watch was too good to be true (as our Investigator had mentioned in their view). Alongside this, Mr C provided adverts from a well-known marketplace that he said demonstrated this.

As agreement couldn't be reached the complaint has been passed to me for a 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In response to some of the comments Mr C has shared, in response to our Investigator's view, I think it's worth making it clear that this service is impartial between, and independent from, consumers and businesses. What this means is that we don't represent either party, and I don't act under either's instructions or take directions on how a complaint will be looked at or what questions should be asked or answered.

I'm sorry to hear of what's happened to Mr C, and I can understand entirely why he feels so strongly that his money should be returned to him. I don't doubt that he has lost money and hasn't received what he was expecting. But I don't find that Monzo has acted unfairly in declining Mr C's claim under the principles of the CRM Code and deciding not to refund his loss. I'll explain why.

The starting point in law is that Mr C is responsible for transactions he's carried out himself. But, as already set out, Monzo has agreed to adhere to the provisions of the CRM Code. So, I've considered whether Mr C should be reimbursed in full or in part by Monzo under its provisions.

The CRM Code allows Monzo to decline reimbursement if it can demonstrate (as far as is relevant to this complaint) that Mr C:

- Ignored an 'Effective Warning'; and/or
- Made the payment without a reasonable basis for believing that the sale of goods was legitimate

I think that Monzo can rely on the second exception to reimbursement. This is because I'm persuaded that the price of the luxury watch Mr C was being offered, wasn't just a little lower than he might have found elsewhere, but based on what I've seen it was well under half of the market value and I don't think the explanation given for this would plausibly justify such a significant discount.

I appreciate Mr C has sent in examples of what he considers to be similar luxury watches being advertised for a similar amount to what he paid, through a well-known online marketplace. However, I don't think these can be fairly relied upon. I say that because from what I've seen they don't seem to be the same model of watch as the one Mr C thought he was buying and the authenticity of the sellers is unknown. I've also seen that the particular

model Mr C has said he was being offered appears to be most typically priced much higher than the amount Mr C paid, on the marketplace from which Mr C has carried out his research. But in any event, I'm persuaded it's more reasonable to rely on the prices being quoted by the manufacturer - which here shows the model Mr C refers to as being priced at, at least, more than three times what he paid.

I've also thought about what Mr C has said regarding buying the watch from abroad and the exchange rate, being the reason why the price was so good. However, I don't think it's plausible that a similar watch in the country Mr C thought he was buying from could legitimately be bought for less than three times the value. Mr C was being offered potentially thousands of pounds in profit with seemingly no risk and no effort. I think Mr C should have had doubts about how this could be true.

I'm also mindful here that Mr C was told by the fraudster to open a Monzo account to avoid overseas charges. However, the fraudster subsequently gives Mr C bank details for a different person in the UK. As Mr C was sending the payment to a UK account it's questionable why he needed to open an account to avoid overseas charges and it's questionable why there was a need to send the payment to a third party.

In short, Mr C has put a huge amount of trust in someone he seems to have known only remotely, and who he was communicating with only through a social media messaging app.

Paying for something at such a discounted price was always going to be a risk and I think Mr C should have had serious doubts about going ahead. I say that especially as Mr C has told Monzo that he'd fallen victim to a previous scam, where he'd tried to purchase clothing, through a seller on the same media platform, but that turned out to be a scam, where he didn't receive the goods.

I'm mindful that any of these individual factors in isolation may not have been enough to have prevented Mr C from proceeding. But considering the specific circumstances of this case and the factors in the round, on balance, I think that there was enough going on and sufficient red flags that Mr C ought reasonably to have proceeded with more caution than he did. And in not doing so I can't fairly conclude that he had a reasonable belief for believing this was a legitimate sale.

I've gone on to think about whether Monzo did enough to protect Mr C from financial harm. As mentioned, the CRM Code says that where firms identify APP scam risks, they should provide effective warnings to their customers. I am also mindful that, when Mr C made these payments, Monzo should fairly and reasonably have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things).

But in the circumstances of this case, I'm not persuaded the payments Mr C made to the fraudsters were such that Monzo ought to have been on notice that he might have been at risk of financial harm from fraud. So, I'm satisfied Monzo needn't have identified a scam risk and in turn did not need to provide an effective warning or question the payments before processing them.

I've also considered whether Monzo did all it could to try and recover the money Mr C lost, once he had reported the scam to it. Mr C raised the matter with Monzo several days after he'd sent the payments to the fraudster. Sadly, it is typical for fraudsters to move money on, straight after it has been received, seemingly to avoid this type of recovery attempt. So overall, from what I've seen, I don't think Monzo has missed an opportunity to recover the money Mr C has lost.

I'm mindful that Monzo found it could have dealt with Mr C's claim in a timelier manner and that it could have provided better customer service. In recognition of this it compensated him with £125. I think this was fair and reasonable in the circumstances.

I want to stress that I do have a great deal of sympathy for the situation that Mr C finds himself in and am sorry he has lost money in these circumstances. But, for the reasons I've explained, I'm not persuaded that Monzo is required to refund him under the CRM Code, nor that the bank was at fault in making the payments Mr C had instructed it to make or for any other reason. So it wouldn't be fair or reasonable for me to ask it to refund Mr C the money he has sadly lost.

Finally, in his submissions Mr C has mentioned that perhaps he should take matters through the courts. Mr C doesn't have to accept my final decision, and if he doesn't it won't be binding on him. Subject to any time limits or other restrictions a court might impose, Mr C's right to pursue a legal remedy won't have been prejudiced by our consideration of this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 August 2024.

Stephen Wise
Ombudsman