

## Complaint

Mr O is unhappy that Monzo Bank Ltd didn't reimburse him after he fell victim to a scam.

## Background

In August 2023, Mr O fell victim to a scam. He was looking for jobs with employers that would sponsor his visa application. A friend put him in contact with a company that purported to help people in his situation. He was told he would be matched with a sponsoring employer, but that he'd need to pay a fee. The total cost of the service was £8,000 but Mr O was asked to pay a deposit of £3,000. Unfortunately, the company he'd made contact with wasn't legitimate at all, but a scammer.

Mr O paid £3,000 using his Monzo account. After he'd done so, he was sent a forged Certificate of Sponsorship that showed his application was supported by a particular company and that he had a specific role with that company. I understand that the person who ran the company that tricked Mr O into making this payment is now the subject of an active police investigation.

Once Mr O realised he'd fallen victim to a scam, he told Monzo. It looked into things but didn't agree to reimburse him. It said that it thought Mr O *"didn't take enough steps to check who you were paying and what for."* It did, however, pay him £50 in recognition of the time it took to look into his claim.

Mr O was unhappy with the response he received from Monzo. He referred his complaint to this service. It was looked at by an Investigator who upheld it. He considered the complaint under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. Mr O had relied on the recommendation of a trusted friend and so, in the Investigator's view, he had a reasonable basis for believing he was paying a genuine business for a legitimate service. The Investigator thought Monzo should've refunded Mr O.

Monzo disagreed with the Investigator and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story. Monzo has agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM code"). This code requires firms to reimburse customers who have been the victim of authorised push payment ("APP") scams, like the one Mr O fell victim to, in all but a limited number of circumstances.

Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made; or
- In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the customer made the payment without 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.<sup>1</sup>

Monzo has confirmed that no warnings were displayed when Mr O made this payment. The first exception, therefore, doesn't apply. I've gone on to consider whether the second one does. Having done so, I'm satisfied that Mr O did make the payment with a reasonable basis of belief.

It's worth noting that the relevant test set out in the second bullet point above isn't completely objective. It allows me to take into account the customer's characteristics. That's important to the outcome here. For example, Monzo has correctly observed that the arrangement Mr O entered into was unusual and that there isn't a legitimate way of paying a company for visa sponsorship. Those costs should be borne by the company that wants to employ them.

However, Mr O had been in the UK on a student visa and, after he completed his studies, he remained in the country on a graduate visa – a visa that gives a recently graduated international student permission to stay in the UK and work for two years. He didn't have a detailed knowledge of the regulations that affected his immigration and employment status and so it might not have immediately occurred to him that this proposal wasn't above board.

He was put in contact with this company by a trusted friend and I don't think it was unreasonable of him to have taken some reassurance from that recommendation. It's also significant that he discussed the proposal with his employer at the time. His manager had looked into the possibility of sponsoring his visa, but the costs were prohibitively high. The presumption was that this scheme would involve Mr O moving to a new employer, but he asked the scammer whether it would be possible for him to remain with his current employer. I understand he'd discussed his application with his manager at the time. I think Mr O would've taken some reassurance from the fact that his employer didn't find the arrangement unusual.

While I recognise that some people would be sceptical of the promise that was made to Mr O, when I take his characteristics as the customer into consideration, I don't think he acted unreasonably here. Overall, as I've found that he had a reasonable basis of belief, I'm satisfied that Monzo should have reimbursed him under the CRM Code.

## **Final decision**

For the reasons I've set out above, I uphold this complaint.

If Mr O accepts my decision, Monzo Bank Ltd needs to refund the payment he made to the scammer. It also needs to add 8% simple interest per annum to that sum calculated to run from the date it declined his claim under the CRM Code until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 May 2024.

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<sup>1</sup> There are other exceptions in the CRM Code, but none are applicable here.

James Kimmitt  
**Ombudsman**