

The complaint

Mr M complains that Mono Bank Ltd did not refund £4,635 he lost to a scam.

What happened

Mr M is a sole trader and was looking for a vehicle for his business. He found one on an online marketplace and got in contact with the company. He asked for additional photos which were provided, and he received a sales contract, a buy-back guarantee and an invoice. He checked the business on Companies House and saw they were registered as dealing with freight transport, which he felt fit the vehicle delivery he was expecting. So, he made the payment of 5,363.88 EUR (£4,635) on 31 July 2023.

When the vehicle was not delivered on 5 August 2023 as expected, and the company stopped responding to his e-mails, Mr M realised he had been the victim of a scam. He contacted Monzo the same day to report this. Monzo contacted the beneficiary bank in an attempt to recover the funds, however none remained. Monzo recognised that it took them some time to provide Mr M with a response to his claim, and paid him £25 in recognition of this. But they did not agree that they needed to refund the £4,635.

Mr M referred the complaint to our service and our Investigator looked into it. They explained that the transactions did not fall under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, which provides some protection for victims of authorised push payment scams. And having reviewed the payment, they did not think it was unusual enough to have warranted intervention by Monzo prior to it being processed. And even if this had happened, they did not think intervention would have revealed the scam as Mr M was so convinced by it. So, they didn't agree a refund was due in the circumstances.

Mr M disagreed with this as he felt the payment was unusual when compared to his current account activity alongside the business account. Overall, he thought Monzo should have done more to check the payment was genuine.

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.

I'm satisfied that Mr M has been the victim of a particularly convincing scam, and I'm sorry he's had to experience this. It's already been explained that this transaction does not fall under the CRM code as it was an international payment. So Mr M's case does not fall under the same level of protection as one under the CRM would. However, Monzo does still have a basic duty of care to its customers.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr M authorised the payment of £4,634 as he believed it was part of a legitimate sale. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Monzo was obliged to follow Mr M's instruction and process the payment. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Monzo did enough to try to keep Mr M's account safe.

The payment was made from Mr M's business account, which was only opened in June 2023. Mr M feels that the normal activity from his current account with Monzo should also be taken into consideration as that would show the payment of £4,635 was unusual for him as an individual. However, we would generally only compare the scam payment to the genuine activity on the account it was sent from. This is because different accounts can be used in different ways, for example a savings account will operate very differently to a business account, and what may look unusual for one account may not look out of character for another.

With this in mind, I have only considered the business account when looking at whether the scam payment was unusual in comparison to the genuine account activity. As the business account had only been open for a few months, there was not much genuine activity to compare the payment to. I can see there had been a number of payments and transfers between £1,000 and £2,000 in the months prior. While the scam payment was of a higher value, I don't think it was such a significant difference to have warranted intervention by Monzo. The value of the payment itself was not so significant that I think Monzo needed to carry out staff intervention.

The payment was an international one, which did appear to be a new payment method for the account, so it could be argued that Monzo could have asked what the payment was for and provided a tailored scam warning relating to the payment reason given. But even if I were to agree that a tailored warning should have been provided, I don't think it would reasonably have broken the spell of the scam. I say this because this was a particularly convincing scam. Mr M had received official looking documentation, as well as additional photos of the interior of the vehicle, and he had checked that the company existed on Companies House. Overall, I think Mr M was reasonably convinced by the sale, so I think it's unlikely a tailored scam warning would have been enough to reveal the scam and prevent the payment from being made.

Monzo contacted the beneficiary bank a few days after Mr M made them aware of the scam, but unfortunately, no funds remained to be recovered. I would have expected Monzo to be prompter in contacted the beneficiary bank. Generally speaking, a scammer will remove funds from the account as soon as possible. Considering the funds were sent on 31 July, five days prior to Mr M notifying Monzo of the scam, I think it's unlikely any funds would have remained by that point. So, while Monzo could have contacted the beneficiary bank sooner, I

think it's unlikely this would have resulted in any funds being recovered.

Monzo paid Mr M £25 for the delays in responding to his complaint. While I do understand this is a low amount when compared to Mr M's overall loss, this is only in relation to the delays. While Monzo could have responded sooner, I can see they got back to Mr M within their agreed service standards. So, I think the gesture of goodwill was fair in the circumstances.

My final decision

I don't uphold Mr M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 May 2024.

Rebecca Norris
Ombudsman