

The complaint

Mrs H is unhappy that Monzo Bank Ltd won't refund the money she's lost to a scam.

What's happened?

Mrs H says she saw an advert for a motorhome on social media, by a company I'll refer to as 'B'. She thought the price of the motorhome – £4,200 – was very good but assumed it was in line with the price of other motorhomes and did not check any other prices.

The motorhome was too far away for Mrs H to go and view it, but she spoke to one of B's employees and was told that if she purchased the motorhome, she would receive a contract of sale along with a 5-day money back guarantee – so she could return the motorhome and receive a full refund if she wasn't satisfied with it upon delivery. Mrs H has explained that she was very sceptical about paying the full cost of the motorhome upfront and voiced her concerns about being scammed to B, but she was reassured that her money would go into a holding account until she received and accepted the motorhome.

Mrs H signed a contract, then transferred £4,325 to B on 9 August 2023 (£4,200 to purchase the vehicle and £125 for the cost of delivery).

The motorhome was never delivered and, after conducting some further research, Mrs H realised she'd fallen victim to a scam. She reported the fraud to Monzo on 13 August 2023.

Monzo didn't reimburse Mrs H's financial loss. It said that she didn't take enough steps to check who she was paying and what for.

Mrs H referred a complaint about Monzo to this Service.

She has made us aware that the money she lost to the scam was left to her by her late father and she is, understandably, immensely upset that she has been tricked into paying the money over to a scammer. She's also said that she has various vulnerabilities which would have been clouding her judgement at the relevant time – including several recent bereavements, and ill health and related medication.

What did our investigator say?

Our investigator thought that Monzo should reimburse 50% of Mrs H's loss under the provisions of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code').

Monzo didn't agree, so the complaint has now been passed to me to decide.

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.

Monzo isn't yet a signatory of the CRM Code, but it's allowed us to apply the Code's

principles to complaints we consider against it which meet the relevant criteria.

In summary, the CRM Code says that a customer who was vulnerable when they made an Authorised Push Payment ('APP') scam payment should receive a full refund of that payment, regardless of whether the firm knew about the customer's vulnerability before the scam took place. The CRM Code states that:

"A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered."

I appreciate that the vulnerabilities Mrs H has told us she had when she fell victim to the scam could have affected her decision-making abilities. But I've seen that she understood the risk in the transaction she was making. In a message to the scammer, she said:

"I am assuming I do not pay until I am in possession of the motor home. I am fully aware of scammers as I am sure you are."

Ultimately, Mrs H was reassured by her own research, the documents and correspondence she received from B and the money back guarantee.

By her own admission, Mrs H weighed up the risk involved in paying B and took steps to protect herself from financial harm. So, although I accept that she had vulnerabilities when she fell victim to the scam, I'm not persuaded that she couldn't reasonably be expected to have protected herself from the scam because of those vulnerabilities.

Nevertheless, the CRM Code requires firms to reimburse any customer who has been the victim of an APP scam in all but a limited number of circumstances. Monzo has argued that one of the exceptions applies in this case. It says that Mrs H made the payment to B without a reasonable basis for belief that the payee was the person she was expecting to pay, the payment was for genuine goods or services and/or the person or business she was transacting with was legitimate.

I've thought about what steps Mrs H took to reassure herself about the legitimacy of the transaction, and whether it was reasonable for her to proceed with the payment.

The motorhome was advertised as being in 'mint condition' with low mileage and, considering everything (including the price comparison I have carried out), I think the price was very low and too good to be true. The seller was also requesting the full purchase price upfront. Overall, I would've expected Mrs H, or anyone else, to be put on guard.

Mrs H has said that she thought the price of the motorhome was very good and that she was concerned about being scammed if she paid for the vehicle upfront. But ultimately, she was reassured by the paperwork she received, the money back guarantee and B's presence on Companies House. So, she went ahead and paid for the motorhome without carrying out any substantial checks on the seller or vehicle. She could have, for example:

- asked to see more photographs of the motorhome (she doesn't appear to have been provided with any pictures of the interior).
- run a HPI check on the vehicle.
- asked to see paperwork which proved B's ownership of the vehicle, the vehicle's mileage etc.
- queried the discrepancy in B's address as quoted in the paperwork she received and on Companies House.
- asked why she was required to make payment to a company account which was not

held in B's name.

It doesn't appear that Mrs H enquired whether she could pay B via a more secure method than faster payment either.

I'm not satisfied that it was reasonable for Mrs H to pay for the motorhome without taking additional steps to protect herself from financial harm, especially given that she appears to have appreciated some of the red flags and the risk involved. I do not think that the steps Mrs H took to protect herself from harm were sufficient. A money back guarantee, for example, is not going to provide any protection in the event of a scam, and Mrs H had suspicions of a scam.

Overall, I'm not persuaded that Mrs H had a reasonable basis for belief in this case.

Monzo has said that it didn't identify an APP scam risk here, so it didn't provide Mrs H with an effective warning during the payment journey under the CRM Code. But the payment to B was relatively high value, and it went to a new payee. And looking at Mrs H's account statements in the months leading up to the scam, I consider that the payment was unusual and out of character. So, I'm persuaded that Monzo ought to have identified an APP scam risk and given Mrs H an effective warning under the CRM Code.

As Monzo failed to provide Mrs H with an effective warning and that failure is likely to have had a 'material effect' on preventing the scam, but I'm persuaded that Mrs H also lacked a reasonable basis for belief, she should be reimbursed 50% of her financial loss to the scam under the provisions of the CRM Code. Monzo should also pay Mrs H 8% simple interest from the date it incorrectly declined to reimburse 50% of her loss under the CRM Code to the date of settlement, in recognition of the time that she has not had this money available to her to spend.

Finally, I've considered whether Monzo took reasonable steps to recover Mrs H's funds. The payment to B was made on 9 August 2023. Mrs H reported the fraud to Monzo 4 days later, in the evening on 13 August 2023. Monzo contacted the receiving bank on the next working day and received notification that no funds remained. I think it's likely that Mrs H's funds had been removed from the receiving account prior to her reporting the fraud but, in any event, I'm not persuaded that Monzo ought to have taken any further action that could've led to the recovery of Mrs H's funds.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part and instruct Monzo Bank Ltd to:

- reimburse 50% of Mrs H's loss within 28 days of receiving notification of her acceptance of my final decision; plus
- pay 8% simple interest per annum from the date Mrs H's claim was declined under the CRM Code to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 24 July 2024.

Kyley Hanson
Ombudsman