

The complaint

Mr C has complained Monzo Bank Ltd did nothing to help when he ended up paying a fraudster for a foreign villa booking.

What happened

In June 2023, Mr C was the victim of a scam. He was looking to book a villa holiday and used a renowned holiday booking site. He found a villa he liked and got in touch with the owners.

Mr C made an initial payment of €100 and then paid the remainder of the money due for the villa. In total he paid £4,548.36 from his Monzo account using an international transfer service.

A month later Mr C found out he'd been the victim of a scam and asked Monzo if they'd refund him.

Monzo felt these transactions had been properly authorised by Mr C. They said there were no grounds for them to refund him as the Contingent Reimbursement Model code didn't apply to cross-border payments.

Mr C brought his complaint to the ombudsman service. Our investigator noted that Monzo had provided no evidence to show whether they'd issued any alerts to Mr C. However even taking that into account, he didn't think this would have made any difference as Mr C had no reason, at that stage, to think the transactions were fraudulent.

Mr C disagreed with this outcome and has asked an ombudsman to consider his complaint.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Mr C was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through. I appreciate this has had a long-lasting impact.

There's no dispute that Mr C made and authorised the two transactions. Mr C believed he was paying rental for a villa that he was looking forward to occupying with his family.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Monzo has an obligation to follow Mr C's instructions. So in the first instance Mr C is presumed liable for his loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Monzo should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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 (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

Mr C fell victim to a purchase scam. But I can clearly see what Mr C felt in his evidence to Monzo *"I assumed I was dealing with a bona fide global business with an excellent reputation"*.

I have considered whether Monzo should have intervened and asked Mr C what he was doing. It's accepted by all parties that they didn't. Monzo has confirmed this in their evidence to us that *"we do not display APP Fraud warnings for international faster payments"*.

Regardless of what Monzo has said and having reviewed the facts around these payments, I'd have expected them to have intervened by at least showing a warning. But overall I don't think this would have made any difference. At this stage Mr C had no reason to doubt everything wasn't above board. I believe – as he told Monzo just two months later – that he'd have said the same when questioned about what he was doing.

I've considered whether Monzo should refund Mr C under the CRM code. The code doesn't apply to international payments so I'm afraid I won't be asking them to do this.

There's no reason why Monzo should have questioned Mr C's actions any further. I know Mr C believes Monzo should have blocked the transactions, but I see no grounds for them to have done this.

Overall whilst I think Monzo should have taken more action, I don't believe it would be fair and reasonable to ask them to refund Mr C.

My final decision

For the reasons given, my final decision is not to uphold Mr C's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 June 2024.

Sandra Quinn

Ombudsman