

The complaint

Mr I complains that Monzo Bank Ltd didn't refund him after he reported falling victim to a scam.

What happened

The background to this complaint is well-known to all parties, and so I'll only provide a summary of events here.

Mr I says he was asked by a friend to help someone they knew acquire a certificate of sponsorship and work visa for the UK. Mr I has said he'd not done this before but agreed to help. He searched on social media and found an advert posted by someone claiming to offer the required services. Mr I got in touch. What Mr I didn't realise at the time was that he'd contacted a scammer.

Mr I realised he'd been scammed after he'd negotiated a deal with the scammer and had made a payment of £2,000 (half the total cost) toward the services. He'd gone to meet the scammer, but he didn't show up. Mr I then contacted the company he thought he was dealing with and was told no one by the name he'd been given worked there.

Monzo looked into what had happened once Mr I reported the scam to it. But it said it wouldn't reimburse the loss. It said it had given warnings about potential scams and it didn't believe Mr I had carried out enough checks to ensure the services being offered, and the person offering those services, were legitimate.

It attempted to recover the money from the account it had been sent to. But by the time the scam was reported the money was already gone, and so it couldn't be returned.

Mr I brought his complaint to our service as he wasn't happy with Monzo's response. One of our investigators considered the complaint and didn't recommend it be upheld. In the main, he said that Mr I had lacked a reasonable basis for believing everything was legitimate. He noted:

- Mr I said he had no previous knowledge of securing visas or certificates of sponsorship for others but carried out very little research and didn't speak to friends that had been through the process;
- Freely and easily obtainable information about how the process works is available online, and showed the process Mr I was being directed to follow didn't fit the circumstances that ought to be expected;
- Promises were made by the scammer that appeared unusual or untrue, such as 90% success rate and a guaranteed job;
- The scammer delivered a supposed certificate very quickly, imposed unrealistic time limits, and had Mr I pay to an account in the name of an unconnected company.

Mr I didn't accept the outcome and so 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 not upholding Mr I's complaint. I believe the findings explained by our investigator are broadly fair and reasonable. But there are some other important factors that I've also considered. I've already discussed these with Mr I and I'm setting them out here so he has the final decision he's entitled to.

The starting point at law is that Mr I is responsible for any transactions made from his account which are properly authorised. This is set out in the Payment Service Regulations (2017). And here, there's no dispute that Mr I authorised the payment.

Monzo considered Mr I's complaint and applied the principles of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. It isn't an official signatory to the Code but has agreed to follow the spirit of it. The Code looks to see the victims of scams reimbursed in most circumstances.

Monzo didn't refund Mr I because it said exceptions to reimbursement which are set out in the Code applied. It felt it had done enough to warn Mr I of the scam and it said he lacked a reasonable basis for believing he was dealing with legitimate parties for legitimate purposes. Our investigator essentially agreed with that position as part of his independent and impartial review.

I also believe those findings to be fair and reasonable. Mr I has said he had little to no experience of what he was getting involved in, and yet his research into securing such an important set of government documents appears to have been minimal. And there were signs all was not as it seemed as the intended purchase progressed, including time pressure being applied where the scammer said unless payment was made within five hours the entire application would be denied. And so, I find it was fair and reasonable for Monzo to rely on at least one of the exceptions to reimbursement.

There are, however, some other significant issues that must be addressed. And the outcome of these considerations is that the CRM Code wouldn't apply to the payment made by Mr I. And nor would there be any other reason, when thinking about other industry guidance and best practice, that would see him reimbursed by Monzo.

The first of these other considerations is that of who has suffered a loss. Mr I has openly said that the visa and sponsorship wasn't for him, and nor were the funds to pay for them. Instead, someone else had sent Mr I the money which was then sent on to the scammer. It was that money that was lost. And so, it is the original owner of the funds that has been scammed. Mr I hasn't suffered a loss and so it wouldn't be fair and reasonable for him to receive reimbursement. The true owner of the funds may be able to bring their own complaint, but that is for them to pursue.

The second consideration is the nature of the transaction and the question of who was providing what service. Mr I has said he was helping a friend of a friend. But I'm not persuaded that is true. Instead, I believe it's more likely than not Mr I was himself providing a service for which he was being paid. This is evidenced by the conversations Mr I was having with the scammer through text message. There's reference to multiple clients and numerous job postings. There's reference to engaging in further business. Mr I gives the details of a

limited company of which he is a director. And that company is listed on Companies House as providing HR functions, recruitment, and involvement in care homes, all of which relate to the types of work and sponsorship Mr I was trying to secure through the scammer. All of this points to Mr I providing a service and engaging as a business function, rather than him helping out a friend of a friend.

I did put this to Mr I and he hasn't said my belief here is incorrect. The issue here is that the provision of visa and sponsorship advice and services isn't something that just anyone can provide. There are professional and regulatory constraints that must be adhered to. And with that in mind, it can't be said that Mr I – in providing those services – could have believed he was engaged in a legitimate transaction. It could never be described as such, given the nature and purpose of the payments.

This means that the potential protection of the CRM Code falls away, and there is no other reason I can say Monzo ought to cover the loss of the £2,000.

In making that finding I've also considered whether Monzo could have done more to recover the money from the receiving account. But it is the case the money had already been removed, aside from £10 which was later returned to Mr I. As the money had already gone, there was no way it could be returned to Mr I.

My final decision

I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 16 July 2024.

Ben Murray
Ombudsman