

## The complaint

Mrs M complains that Monzo Bank Ltd won't refund her the money she lost to a scam.

Mrs M is professionally represented in bringing her complaint to our service, but for ease of reading I'll refer to all submissions as made by Mrs M directly.

## What happened

I issued a provisional decision on this case on 10 June 2024. I've copied the content of that document below:

*I've considered the relevant information about this complaint.*

*Having done so I've arrived at a different outcome to our investigator, and I don't intend to uphold it.*

*I'll look at any more comments and evidence that I get by 22 June 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.*

## What happened

*Mrs M has explained that she had purchased a home abroad and was looking to purchase a suitable motorhome to use while in this other country. Mrs M saw an advertisement for a motorhome being sold for €18,000 (plus a further €450 for shipping) that met her requirements on an online market platform and therefore sent a message enquiring if it was available. Mrs M has explained that she assumed advertisements on this platform were vetted, and therefore considered this a safe platform to search for vehicles. Mrs M was directed to correspond with a 'company' via phone instant messaging for further information, which she duly did. Mrs M has also explained that she researched the company details she was provided with and found them to be a genuine, registered firm. Unfortunately, unbeknownst to Mrs M, the 'company' she was liaising with was in fact a fraudster who was impersonating a genuine firm.*

*The fraudster directed Mrs M to an online catalogue of vehicles to confirm her selection. She was told that vehicles are free of defects and delivered in their original condition. She was also told that vehicles offered are cheaper than other competitors' prices as the vehicles are imported from abroad. Mrs M was told that upon agreeing to the sale, she would need to pay a 20% deposit and that following this, the vehicle would be delivered within five days. Following delivery Mrs M would be able to test drive the vehicle, and if dissatisfied, would receive a full refund. Mrs M was also told that as the vehicle was being shipped from abroad, further tax may be payable, but that this was to be included within the price of the vehicle.*

*Mrs M agreed to the sale and the fraudster sent her a deposit invoice for €3,600. Mrs M paid this by international payment transfer from her Monzo account. As Monzo has a partnership with an international payment service provider - who I'll refer to as W - Mrs M's funds moved from her Monzo account to a generic account held by W - then onto the fraudster's international account. The fraudster then told Mrs M that the further tax that had been*

discussed was required, so the following day, Mrs M made a further payment by the same method of €3,970.

Following these two payments, Mrs M was offered to pay for the vehicle upfront, for which she would receive a 10% discount, a solar panel installed and free delivery, but Mrs M declined and advised she would pay in full upon delivery of the vehicle.

Mrs M was then advised that a further tax invoice needed to be settled, prior to delivery of the vehicle, to cover customs tax and VAT for the country the vehicle was being imported to. Mrs M disputed this and referred the fraudster to the terms and conditions she had agreed to, refusing to pay anything further until the vehicle was delivered. When this failed to happen, Mrs M realised she'd been the victim of a scam and contacted Monzo to raise a claim.

Monzo considered Mrs M's complaint but didn't uphold it. It said that as funds were sent to an international account, it was unable to look into refunding her. Monzo attempted to recover Mrs M's funds from the beneficiary account but unfortunately, no funds remained.

Mrs M remained unhappy and so referred the complaint to our service. An investigator considered the complaint and upheld it in part. He thought the first payment Mrs M made wasn't so out of character that Monzo ought to have intervened. However, he thought Monzo ought to have had concerns about Mrs M's account use when she made the second payment transfer to the fraudster. He considered that Monzo ought to have intervened at this point and had it done so, the scam would've been uncovered. He therefore considered Monzo should be held partly liable for the second payment Mrs M made to the fraudster.

However, he also considered that Mrs M was partly responsible for her losses by not proceeding with greater caution. He thought that the price Mrs M was paying for the motorhome was unrealistic based on the perceived value of the vehicle and that this ought to have alerted Mrs M that something may be amiss. He also noted that the genuine company Mrs M had researched was based in neither the country she intended to ship the vehicle to, or from, which she didn't appear to question. The investigator therefore recommended that liability for the second payment should be split equally between Mrs M and Monzo, with Monzo refunding her 50% of this second payment.

Both Monzo and Mrs M disagreed with the investigator's findings. Mrs M considered that both payment transfers warranted intervention by Monzo, being the highest payments she'd made in the past 12 months - and to a new payee. Mrs M also didn't consider she should share liability for her losses with Monzo. She said she'd conducted online research about the company she believed she was liaising with and that the expectations placed on her by the investigator are too arduous.

Monzo said that it didn't consider it was liable for reimbursing either of the payments Mrs M made. It explained that Mrs M has been sending money through its partnership with W for several years and in the year prior to the scam, had made payment transfers around 40 times via this process. It said that as payments through W are made to a generic account with W before being passed onwards, it's not possible for Monzo to identify when payments are made to a new payee. Therefore, while these payments were higher in value, it didn't consider they were so unusual that Monzo ought to have intervened before processing either of them.

As neither party agreed with the investigator's view, the complaint has been referred to me for a decision.

## **What I've provisionally 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, while I'm sorry to disappoint Mrs M, I don't intend to uphold her complaint. I appreciate this isn't the outcome she was hoping for, but I've explained my reasons for reaching this outcome below.*

*The starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) and the terms of Mrs M's account is that she is responsible for payments she's authorised herself. The Contingent Reimbursement Model (CRM) Code can provide additional protection for the victims of APP scams such as this was. However, payments made internationally are not within the scope of the CRM Code. So I cannot fairly apply the terms of the CRM code to any of the payments Mrs M has made.*

*However, taking into account regulator's rules and guidance and what I consider to have been good industry practice at the time, I consider Monzo should fairly and reasonably:*

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*
- 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 (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

*It isn't in dispute that Mrs M has fallen victim to a cruel scam here, nor that she authorised the disputed payments she made from her account, but I've thought about whether Monzo should have reasonably intervened prior to processing either payment.*

*I've reviewed Mrs M's bank statements for the 12 months prior to the scam and can see that the two payments she made to the fraudster were the highest value payments on her statement. However, I don't consider they were so unusual in value, in comparison to other payments made via W, that Monzo ought to have intervened on either payment on this basis alone. Additionally, as already covered, making payments via W is a facility that Mrs M uses regularly and one that unfortunately doesn't allow for discrepancies between new payees, so I don't think this was an identifiable risk factor here. With these factors in mind, I can't conclude that these payments were sufficiently out of character that Monzo ought to have had concerns that Mrs M was at risk of financial harm from fraud and intervened prior to processing the payments.*

*As I haven't concluded that Monzo ought to have intervened on either payment, it follows that I don't hold it liable for refunding any of the funds Mrs M lost to the scam.*

### **Recovery of funds**

*Lastly, I've considered whether Monzo did all it could to recover Mrs M's funds once it was made aware of the scam. It appears from Monzo's records that there may have been a delay between being made aware of the scam and contacting the beneficiary account to query*

*whether any funds could be recovered. However, I also need to consider that, due to the nature of the scam, there was a period of several days between Mrs M making the payments and then realising she'd fallen victim to a scam. When scams occur, it's commonplace for the fraudster to move funds almost immediately from the beneficiary account, to avoid potential recovery by the victim's bank. I therefore think that even if Monzo had acted sooner upon being made aware of the scam, it's unlikely any funds would've remained in the beneficiary account.*

*Therefore, while I'm sorry to disappoint Mrs M, I'm not currently minded to conclude that Monzo is liable for her losses and it therefore follows that I don't require it to reimburse her.*

### **My provisional decision**

*My provisional decision is that I don't uphold Mrs M's complaint about Monzo Bank Ltd.*

Both parties have now had the chance to respond to the provisional decision. Mrs M didn't agree with the provisional decision. To summarise, she commented that the two scam payments were both the highest made on her account, and only a day apart of one another. She considered this account activity was sufficiently unusual for Monzo to have intervened. She said that other higher value payments made previously via W were made further apart. Monzo didn't provide any further comments.

### **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 appreciate Mrs M's comments that these payments were the highest on her account and across two days. However, just because a payment is the highest, that doesn't necessarily mean it was *unusually* high to the extent that I'd expect a business to intervene. I have to bear in mind that individuals do also make genuine higher value payments from time to time and that Monzo has a difficult balance to strike in protecting customers from financial harm from fraud, without unduly inconveniencing its customers. As mentioned, in this particular case, Mrs M made the payment to an account with W, which is something she regularly does. Therefore, while these were the highest value payments to this account, I think this actual account use was in line with what was expected based on Mrs M's previous account usage and it therefore wasn't so out of character that Monzo acted unfairly by not intervening, prior to processing the payment.

I therefore remain of the opinion set out in my provisional decision that Monzo aren't liable for Mrs M's losses.

### **My final decision**

My final decision is that I don't uphold Mrs M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 July 2024.

Kirsty Upton  
**Ombudsman**