

The complaint

Mr U is unhappy that Monzo Bank Ltd didn't refund him after he lost money to what he believes was an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In or around October 2023, Mr U entered into an agreement with a landscaper, who I'll refer to as 'A', to complete some groundwork on his property. Mr U made a number of payments to A, including the following three faster payments from the account he holds with Monzo;

13 October 2023	£400
13 October 2023	£120
14 October 2023	£495

Mr U says the work that was completed was substandard and that it wasn't finished, leading to Mr U having to employ a different tradesperson in order to get the work completed. Mr U also says that he didn't receive materials that had been paid for.

Mr U contacted Monzo to report what had happened, but Monzo didn't uphold his complaint. In summary this was because Monzo considered this to be a civil matter between Mr U and A.

Unhappy with Monzo's response, Mr U brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary this was because they thought this was a civil dispute, which meant the provisions of the Lending Standards Board Contingent Reimbursement Model Code ('CRM Code'), that might have otherwise required Monzo to refund Mr U, weren't relevant.

Mr U didn't agree with our Investigator. In summary this was because he thought that A had no intention to complete the work and he hadn't received materials that he had paid for.

As agreement couldn't 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.

Having thought very carefully about Monzo's actions, I don't uphold Mr U's complaint. I do appreciate how disappointing this will be for him and I don't underestimate his strength of feeling, but I don't think I can fairly say Monzo should reimburse him. I'll explain why.

I'm sorry to hear of what's happened to Mr U, and I can understand entirely why he feels so strongly that his money should be returned to him. But not all cases where individuals have lost money are in fact fraudulent and/or a scam.

When considering what is fair and reasonable in this case, I've thought about the Lending Standards Board's voluntary CRM Code which Monzo, while not a signatory, has committed to follow.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. But the CRM Code is quite explicit that it doesn't apply to all push payments. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier"

Subsections (a) and (c) have been omitted as they are not relevant to this complaint.

Both Monzo and our Investigator felt the payments Mr U made formed part of a civil dispute and, as such, were not covered by the CRM Code. Mr U disagrees, he feels A has scammed him.

In order to conclude that the payments Mr U made were part of a scam, I'd need to be reasonably satisfied, from the available evidence, that A set out to defraud him. But I don't think, based on what I know, that I can safely conclude that. I don't doubt that Mr U hasn't received what he paid for. And it seems quite clear he's been let down by A. But that's not the same as him having been scammed.

I firstly need to consider the purpose of the payments and whether Mr U thought this purpose was legitimate. I'm satisfied he did; he's explained he believed the payments he was making were for some work to be carried out on his property. Then I need to consider the purpose the recipient (A) had in mind, at the time of the payment, and whether this was broadly in line with what Mr U understood to be the purpose of the payment.

In order for me to be persuaded Mr U has likely fallen victim to a fraud, I'd need to be satisfied the purpose of A receiving Mr U's payment differed from Mr U's and that he intended, from the outset, to deceive him and likely not provide the services he'd been asked to pay for. Having considered the evidence from both parties, I'm not persuaded this was the case.

Here it's clear some work was completed, which Mr U isn't happy with, and the work wasn't finished. As I've said above, the CRM Code doesn't cover defective workmanship or other dissatisfaction with a supplier. There may have been a number of reasons why A might not have provided the service promised. Unfortunately, situations do arise where retailers/merchants/suppliers can operate poorly, or be so chaotically mismanaged to the point where agreed services or goods aren't provided. But that doesn't necessarily amount to evidence of an intent to defraud.

I've also considered evidence from the beneficiary bank (the bank to which the payments were made). Whilst I am unable to share details about a third party and the nature of their relationship with their bank, there doesn't appear to be any concerns about how the beneficiary account was being operated.

After taking everything into careful consideration, including the testimony and evidence provided by both parties, I can't safely conclude what has happened here meets the high legal threshold and burden of proof for fraud. Rather, this appears to be a case of a supplier, failing to honour its agreement by not providing the service that was expected.

It follows that, on balance and based on the evidence currently available to me, I can't fairly or reasonably say that A set out with the intent to defraud Mr U. This being the case I'm satisfied the CRM Code doesn't apply. And I can't ask Monzo to refund Mr U the money he paid to A, as I don't think Monzo treated him unfairly when it said the payments he made were not covered by the CRM Code.

In summary, there is not enough information for me to safely say this is a scam. However, should new material evidence come to light, the first port of call for Mr U would be to go back to the Bank for them to see if this new evidence would lead it to reconsidering its position.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 12 March 2025.

Stephen Wise
Ombudsman