

The complaint

Miss C complains that Monzo Bank Ltd (Monzo) won't refund the money she lost after she fell victim to 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 April 2022, Miss C was looking for a villa to rent, for a holiday abroad with some friends. She found one through an online travel company that looked suitable and made enquiries. Miss C has said that a member of her party knew of somebody that had used the online company before to book accommodation. Alongside this, Miss C added that she carried out her own research and received professional looking documentation. Believing everything to be genuine, she went ahead and booked the villa and made the following, international payment, from her Monzo account to account details that had been provided;

1 April 2022	£5,558.70
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But unknown to her at the time, Miss C was dealing with fraudsters and had sent the money to an account that the fraudsters controlled. Miss C realised she'd been scammed when a week before the trip she hadn't heard anything and so she contacted the travel company. She was told the owner of the villa had passed away and she could arrange an alternative date, or receive a full refund. But then contact with the company stopped and Miss C began to see negative and scam reports online.

Miss C raised the matter with Monzo, it investigated her claim but declined to provide a refund. It said as this payment was sent internationally, it doesn't qualify for a refund.

Unhappy with Monzo's response, Miss C brought her complaint to this service. One of our Investigator's looked into things, but didn't think the complaint should be upheld. In summary, it was our Investigator's view that while she thought Monzo should have identified the payment as unusual and contacted Miss C ahead of letting the money go, she didn't think it would have made a difference. This was because she thought Miss C would have been able to answer any proportionate questions that Monzo may have put to her, about the payment, satisfactorily and a scam risk wouldn't have been apparent to it.

Through her representatives, Miss C didn't agree with our Investigator's view. They said, Monzo had failed to intervene and as such it should refund the money and that she took every reasonable step to protect herself. They added that Monzo have promised to act in the spirit of the Contingent Reimbursement Model (CRM Code). They also question how this service could know what would have happened had Monzo spoken to Miss C before the payment was made.

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 done so, I've reached the same conclusion as our Investigator and for largely the same reasons. I'm sorry to hear that Miss C has been the victim of a cruel scam. I understand why she would want this money returned to her and this will come as a disappointment to her, so I'll explain why.

Miss C's representatives have said that Monzo has promised to act in the spirit of the CRM Code. But, as Miss C's representatives ought to know, the CRM code doesn't apply in this case because the code doesn't apply to international payments.

There's no dispute that Miss C instructed Monzo to make the payment, albeit under deception. So, under the relevant regulations – the Payment Services Regulations 2017 – that means she is responsible for the loss in the first instance.

But that isn't the end of matters. Monzo is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment. It doesn't seem to be in dispute that this payment was made as the result of a scam. So the crux of the matter, and what I must decide, is whether I consider Monzo did enough to protect Miss C at the time she made the payments. And if I don't think it did, importantly, whether any further intervention by it would have made a difference.

I've thought about whether Monzo missed an opportunity to intervene at the time Miss C made the payment, potentially preventing her from experiencing financial harm. While I think it is finely balanced, given that Miss C had previously made international payments for not insignificant amounts from her Monzo account, I think there was enough going on that ought to have alerted Monzo to make enquiries with Miss C before processing this payment.

But this, in and of itself, isn't enough for me to say that Monzo should refund Miss C the money she lost. Although I think Monzo could have done more than it did, as I've said, I also need to be persuaded that it's more likely than not an intervention would have made a difference and prevented the payment from being made. Miss C's representatives have questioned how, considering Monzo didn't ask questions about the payment, this service could know what would have happened and that we don't have the 'expressed mandate' to take a hypothetical position.

Of course I can't know for sure what would have happened, had Monzo probed Miss C further about this payment. But I don't agree with Miss C's representatives' arguments that this in some way prevents me from taking a position. In situations such as this, I must base my findings on the balance of probabilities – that is, what I think is more likely than not to have happened, taking into account what I know. Having thought carefully about this, I don't think a further intervention is more likely than not to have made a difference. I'll explain why.

Had Monzo intervened I would have expected it to have asked proportionate questions around the purpose of the payment. But given what Miss C has told us, I think she would have been able to answer any questions Monzo could reasonably have asked positively and persuasively. I think it more likely than not that she would have relayed information to Monzo such as; the purchase was for holiday accommodation, that she had carried out research on the company she was booking the villa with; that she'd received professional looking communication and that a member of her party knew of somebody who had booked through

this company previously. Overall, I'm not persuaded the answers she likely would have given would have reasonably put Monzo on notice that she may have been at risk. So I don't find that Monzo has done anything wrong in allowing the payment to be progressed.

Finally, I've thought about whether Monzo did all it could once Miss C reported the fraud to it. I can see that Monzo attempted to recover the money from the beneficiary bank (the bank to which the money was paid), but unfortunately it was told that no funds remained. I think its most likely that following receipt of the payments, the scammers would have moved the money from the beneficiary account very quickly – most likely as soon as it had been received. And our experience shows that once money has been transferred outside of the United Kingdom it is unlikely that it will be recovered once a scam has been identified.

I want to stress that I do have a great deal of sympathy for the situation that Miss C finds herself in and am sorry she has lost money in these circumstances. But, for the reasons I've explained, I'm not persuaded that Monzo is required to refund her.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 November 2024.

Stephen Wise
Ombudsman