

The complaint

Ms V complains that Monzo Bank Ltd won't refund her 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 March 2023, Ms V was attempting to arrange a visa sponsorship for a friend. Ms V searched online and found a company that she thought could help. She's said she checked Companies House and could see it was listed and that it came across as being professional and that it had a high level of understanding of the visa process.

Believing everything to be genuine, Ms V made the following payments to account details she was provided. But unknown to her at the time she was dealing with fraudsters and was sending payments to accounts the fraudsters controlled;

6 March 2023	£500
9 March 2023	£840
11 March 2023	£500
13 March 2023	£840
15 March 2023	£1,000

Ms V raised the matter with Monzo. Monzo is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to the provisions of it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Monzo investigated Ms V's fraud claim but concluded it had no responsibility to refund her loss. In summary this was because it didn't consider she had taken enough steps to check what she was paying for.

Monzo also said that it had tried to recover Ms V's money from the beneficiary banks (the banks to which the money was sent), but it was only able to recover £57.88, which it returned to Ms V.

Unhappy with Monzo's response, Ms V 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 this was because she thought there was enough going on that Ms V ought to have had some concerns about the transactions she was making. Alongside this she also didn't think a scam risk would have been apparent to Monzo and that it had done what it could to recover the money that Ms V had sent.

Through her representatives, Ms V didn't agree with our Investigator's view. In summary, she thought she had a reasonable basis for belief when she made the payments – adding that she had a lower understanding of governmental processes and so was more vulnerable to this type of scam.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

To begin with, Monzo has a primary obligation to carry out the payment instructions its customers give it. As a starting point, a customer will therefore be assumed to be liable for payments they have instructed to be made. There is no dispute that Ms V authorised these payments, albeit having been deceived into believing she was sending them for the purpose of obtaining visas. On the face of it, she is therefore liable for the resultant losses.

However, of particular relevance here, the CRM Code says that the victim of an APP scam such as this should be reimbursed unless the bank is able to establish that one (or more) of the limited exceptions to reimbursement can be applied.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning
- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate

**Further exceptions outlined in the CRM Code do not apply to this case*

I think Monzo has been able to establish that it may choose not to reimburse Ms V under the terms of the CRM Code. I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

Did Ms V have a reasonable basis of belief?

I've thought about what Ms V has told us happened. Based on everything I've seen and been told; I'm not satisfied Ms V did have a reasonable basis for belief. I think there were a number of concerning factors here that ought to have made Ms V cautious and led her to complete more extensive research before making the payments she did.

I say this because;

- Ms V has said she carried out checks on the company including checking Companies House. But having looked at this, although the company was registered it shows it was dissolved in July 2022, which was before Ms V made these payments. Alongside this the nature of the business is showing 'Architectural Activities', which isn't consistent with the type of service Ms V thought she was paying for.

- Ms V didn't receive any documents before proceeding to make the payments, which Ms V seemingly accepted as I can see in her communications with the fraudster she tells them 'you can provide me the documents after the payment'.
- The payments Ms V made went to multiple accounts held in individual names, rather than to a business account held by the company she thought she was dealing with. Given Ms V was dealing with a company, but paying multiple personal accounts I think this ought to have caused Ms V some concern, but rather she seems to have accepted this and taken things at face value.

I can understand how in isolation any one of these things may not have prevented Ms V from proceeding. But when taken collectively I think there was enough going on here that Ms V ought to have acted far more cautiously than she did. I'm satisfied, therefore, that Ms V didn't have a reasonable basis for believing she was making a payment for a legitimate service, so Monzo isn't required to provide her with a full refund under the CRM Code.

Effective warnings

I've gone on to think about whether Monzo did what was expected of it at the time Ms V made the payments. Good industry practice requires that regulated firms such as Monzo engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identifies a risk of a customer falling victim to an APP scam, it is required to provide that customer with an "effective warning".

We now know, with the benefit of hindsight, that Ms V was falling victim to a scam. But based on the information that was available to it at the time, I don't consider Monzo would've had any reasonable basis for coming to that conclusion. I say this because I don't think the payments Ms V made would have appeared out of character or unusual. With that in mind I wouldn't reasonably have expected Monzo to have done any more than it did with respect to the provision of warnings.

Vulnerability under the CRM code

There are provisions under the Code which might lead to a refund, even when a customer doesn't have a reasonable basis for belief. The relevant part of the Code says: A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered. This should be assessed on a case-by-case basis.

So I've considered whether there were vulnerabilities present at the time to such an extent that Ms V was unable to take steps to identify the scam she fell victim to or to recognise steps she might take to test the legitimacy of what she was being told by the fraudster. To do so I must consider the details of the scam, Ms V's actions throughout, and the wider circumstances of what was happening.

I don't doubt what Ms V has told us. But there is also evidence within the circumstances that suggests she was capable of taking steps to protect herself from fraud and financial harm. That is to say there was more she might reasonably have done that would have led to the scam being uncovered.

The evidence indicates Ms V was in full control of her finances and she's told us she reviewed websites and researched the company with which she was dealing. Having thought very carefully about everything Ms V has told us, I'm not persuaded that it would be

unreasonable to expect her to have protected herself against the particular scam she fell victim to. And so, on balance, I don't find that Monzo need refund Ms V's entire loss under the vulnerability clause of the Code.

Recovery

Finally I have considered whether Monzo did all it could to try and recover the money Ms V lost. Monzo was limited in terms of what it could do here; it could only ask the beneficiary banks to return any money that remained in the recipients accounts. It needed to make enquiries quickly for the best chance of recovery. It is common for fraudsters to withdraw or move the money on as quickly as possible, which was sadly the case here and unfortunately, Monzo was only able to refund a partial amount of the money that was sent. Overall, I don't think Monzo missed an opportunity to recover the money Ms V sadly lost.

All things considered, I don't find that Monzo is liable to refund Ms V under the terms of the CRM Code. In saying this, I want to stress that I am very sorry to hear about what happened to Ms V and I am sorry she has lost out here. She was the victim of a cruel scam designed to defraud her of her money. I appreciate that she's lost a significant amount because of what happened.

But I can only look at what Monzo was and is required to do and I'm not persuaded that Monzo is required to refund her under the CRM Code, nor that the bank was at fault in making the payments Ms V had instructed it to make or for any other reason.

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 Ms V to accept or reject my decision before 13 November 2024.

Stephen Wise
Ombudsman