

The complaint

Mr S has complained that Monzo won't refund the money he lost when he purchased a car from an online marketplace, which stopped working shortly after.

What happened

The background of this complaint is already known to both parties, so I won't repeat all of it here. But I'll summarise the key points and then focus on explaining the reason for my decision.

In February 2024 Mr S purchased a car from an online marketplace for £425. Mr S made a payment to the seller by bank transfer from his Monzo account and collected the car. Around two weeks later the car stopped working. Mr S attempted to contact the seller to resolve the issue but they blocked him from contacting them.

Mr S says the payment he made to the seller was part of a scam, and he thinks Monzo should've protected him from falling victim to such a scam. Mr S says he's done everything he possibly can to get his money back, but he hasn't been successful, so he believes Monzo should reimburse him for what he's lost.

Mr S complained to Monzo but Monzo didn't uphold the complaint. Monzo said it wasn't responsible for what had happened to Mr S, and that the matter was a civil dispute between Mr S and the seller. It said this because Mr S received the car he'd paid for, and he was able to use it until it broke down.

Monzo also noted it had taken too long to handle Mr S's complaint and paid him £25 compensation.

Mr S remained unhappy so he referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think Monzo should've intervened when Mr S made payment for the car. He also didn't think this wasn't a scam, but a dispute between Mr S and the seller of the car.

As Mr S didn't accept the investigator's opinion, the case has been passed to me to make a 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 sorry to disappoint Mr S but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr S authorised these payments from leaving his account. It's accepted by all parties that Mr S gave the instructions to Monzo and Monzo made the payments in line with those instructions, and in line with the terms and conditions of Mr S's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Having considered what happened here, I don't think Monzo was wrong to make the payment for £425 in line with what Mr S asked it to do. I say this because the payment wasn't particularly large, and Mr S's account was used regularly, albeit usually for smaller transactions. Monzo has a responsibility to protect its customers from harm, but it also needs to balance that responsibility with its obligation to make payments promptly, and it needs to make a decision on which payments to intervene in without unnecessarily inconveniencing its customers. It wouldn't be practical for Monzo to block or ask questions about all payments made. And in this case, I'm satisfied that the payment wasn't so suspicious or unusual that Monzo should've done more than showing Mr S the standard automated warnings that it shows when one of its customers sends money to a new payee.

It's also important to remember that Mr S did receive the goods he'd paid for, which isn't typical of a scam. Whilst I understand it would've been disappointing that the car stopped working such a short time after Mr S collected it, that doesn't mean Monzo should reasonably have foreseen or prevented this. So I can't now tell it to refund Mr S's money.

I understand Mr S believes he's eligible for a refund from Monzo as he provided all of the details of what happened in this unfortunate situation, and he's unable to contact the seller directly. But I'm afraid that's not quite right. Although I fully accept Mr S has been the victim here as he's been left with a car that doesn't work, I'd only expect Monzo to refund Mr S if it didn't do something that it should have done, and this in turn led to Mr S losing the money that he did.

I'm very sorry about what's happened to Mr S, but for the reasons I've set out above, I don't consider that Monzo is responsible for that, so it doesn't need to reimburse Mr S for his losses.

My final decision

I don't uphold Mr S's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 October 2024.

Sam Wade
Ombudsman