

## The complaint

Mr W complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of a scam.

## What happened

In May 2023, Mr W received messages through a social media network from someone who said they were a well-known actor. And as Mr W thought he had met the actor recently, and the messages included photos of them that weren't in the public domain, Mr W believed the messages were from the actor and continued to reply. The conversation continued and their relationship developed to the point where they were messaging most days and Mr W thought they were in a romantic relationship.

The messages then said the actor was sending Mr W a package containing a large amount of money, as a show of commitment to their relationship. And Mr W started to receive messages saying they were from a delivery company, and that he needed to pay a number of fees or charges before the package could be delivered. And as Mr W believed the relationship and the delivery to be genuine, he made a number of payments from his Monzo account to the bank account details he was given.

I've set out the payments Mr W made from his Monzo account below:

Date	Details	Amount
5 June 2023	To 1 <sup>st</sup> payee	£3,025
6 June 2023	To 1 <sup>st</sup> payee	£1,875
6 June 2023	To 2 <sup>nd</sup> payee	£2,125
9 June 2023	To cryptocurrency exchange	£500
9 June 2023	To 3 <sup>rd</sup> payee	£3,100
9 June 2023	To 2 <sup>nd</sup> payee	£3,100
9 June 2023	To 2 <sup>nd</sup> payee	£2,650
9 June 2023	To 3 <sup>rd</sup> payee	£650
10 June 2023	To 2 <sup>nd</sup> payee	£2,124
10 June 2023	To 2 <sup>nd</sup> payee	£2,876
10 June 2023	To 2 <sup>nd</sup> payee	£150

Unfortunately, we now know the messages were coming from someone impersonating the well-known actor and Mr W was the victim of a scam. After the scam was uncovered, Mr W reported the payments he'd made to Monzo and asked it to refund the money he had lost.

Monzo investigated and offered to pay Mr W £75 compensation for the delays in responding to his claim and errors in its handling of his account. But it didn't agree to refund the payments he had made as a result of the scam. Mr W wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Mr W's circumstances meant he had been vulnerable and less able to protect himself from the scam at the time. So they

thought Monzo should refund the payments he made that were covered by the CRM code. Monzo disagreed with our investigator, so the complaint has been passed to me.

### **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 broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Monzo isn't a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code) but has said it is committed to applying the principles set out in it. This code requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. And it is for the firm to establish that one of those exceptions to reimbursement applies.

The CRM code also requires firms to assess whether a customer was vulnerable to the APP scam they fell victim to at the time it occurred. The relevant sections state:

*"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.*

*In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable.*

*Factors to consider include:*

- (a) All Customers can be vulnerable to APP scams and vulnerability is dynamic. The reasons for dynamics of vulnerability may include: the personal circumstances of the Customer; the timing and nature of the APP scam itself; the capacity the Customer had to protect themselves; and the impact of the APP scam on that Customer.*
- (b) A Customer's personal circumstances which lead to vulnerability are varied, may be temporary or permanent, and may vary in severity over time.*
- (c) APP scams may include long-running APP scams or in the moment APP scams.*
- (d) The capacity of a Customer to protect themselves includes their knowledge, skills and capability in engaging with financial services and systems, and the effectiveness of tools made available to them by Firms.*
- (e) The impact of the APP scam includes the extent to which the Customer is disproportionately affected by the APP scam, both financially and non-financially."*

Mr W has said he was suffering from exhaustion and severe burnout at the time of the scam. He's said he was working extremely long hours as a result of an important work project and that this left him feeling nervous, shaky and unable to think critically. And he's said this led to him falling victim to this scam.

I've seen copies of notes from Mr W's doctor, which say he was assessed shortly after the scam and the doctor felt he was suffering from work-related stress and burnout. The notes also show the symptoms of this continued for several months after the scam and, as a result, Mr W was signed off as not fit for work for at least five weeks. So I think these notes show that Mr W's circumstances were having a significant and long-term impact on him. And, due to the nature of his conditions, I don't think they would have started suddenly and so were likely affecting him for some time before the assessment by the doctor.

The symptoms of burnout include tiredness or exhaustion, feeling helpless, isolated, anxious and overwhelmed, and difficulty concentrating – which match the symptoms Mr W says he was suffering from and which caused him to fall victim to this scam. And from what I've seen of his communication with the scammers, there are several occasions where Mr W appears to identify concerns about what he is being told but then moves on from these concerns with very little explanation or justification from the scammers – which I think supports the suggestion that he is struggling to concentrate or think critically. So I think his conditions were having a significant impact on him at the time of the scam.

Monzo has argued that burnout is not a classified medical condition, and that a number of the symptoms of it are specific to behaviour in the workplace. But there is no requirement in the CRM code that a customer must be suffering from a classified medical condition to be considered vulnerable. And while some of the symptoms of burnout are specific to the workplace, some common symptoms are not – including those I've explained I think it's likely were affecting Mr W at the time of the scam.

And so given his circumstances at the time, I think Mr W was vulnerable to this type of scam. I think his perception of the possible risks involved and the steps he could take to address them was significantly and adversely affected by his circumstances at the time.

I therefore think Mr W meets the definition of vulnerable from the CRM code, as I don't think it would be reasonable to expect him to have protected himself against this particular scam. So I think Monzo should reimburse the money he lost from the payments he made which are covered by the CRM code, in full.

The payment Mr W made to the cryptocurrency exchange, for £500 on 9 June 2023, is not covered by the CRM code – as Mr W appears to have legitimately received the cryptocurrency from the exchange before sending it on to the scammers. So while he says this payment was also made as a result of the scam, I don't think anything I would have expected Monzo to have done would have prevented this payment being made. So I don't think it would be fair to require Monzo to refund this payment.

Mr W also complained about Monzo's response to his claim. But from what I've seen of the circumstances of the case, I think Monzo's offer of a total of £75 is fair and reasonable compensation for the distress and inconvenience its errors and delays caused to Mr W. And so I don't think it would be fair to require it to pay any further compensation.

### **My final decision**

For the reasons set out above, I uphold this complaint and require Monzo Bank Ltd to:

- Refund Mr W the payments he made as a result of this scam, which are covered by the CRM code – for a total of £21,675
- Pay Mr W 8% simple interest on this refund, from the date it initially responded to his claim until the date of settlement
- Pay Mr W £75 compensation, if it has not already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 October 2024.

Alan Millward  
**Ombudsman**