

## **The complaint**

Mr C is unhappy that Monzo Bank Ltd decided not to refund him after he paid for a vehicle. He says he was the victim of a scam.

## **What happened**

Mr C says he found an advert for a car on a social media website. The seller claimed to be selling the car on behalf of his wife. The advert described the car as being in a good condition. Mr C says he carried out a HPI and MOT check and everything was in order apart from the tax status. Mr C says at the time the seller provided different payee name details but was able to provide an explanation for this.

Mr C says after driving the vehicle away it shortly broke down. When attempting to contact the seller he was blocked. Through the documentation provided by the seller for the vehicle, you were able to contact the previous owner, who the seller had said was his wife. The previous owner revealed she wasn't the seller's wife and had in fact sold the car to the seller for £350, believing it would be scrapped.

Mr C then contacted Monzo to say he'd been the victim of a scam. Monzo said it wouldn't be able to treat this payment as fraudulent and Mr C didn't take enough steps to check who he was paying and what for.

Mr C says this was a scam for the following reasons:

- The seller misrepresented the true condition of the car, and it had been sold to the seller as scrap.
- The logbook didn't show the seller as the true owner of the vehicle. So the seller had no right to sell the vehicle and his actions were aimed at defrauding Mr C.
- This isn't about the dissatisfaction of quality. The seller intended to mislead Mr C from the outset.
- He took reasonable steps to ensure the payment was legitimate, he ran an HPI check, checked the cars MOT history and questioned the seller about the logbook discrepancies. He believes he met the standard expected of consumers by reasonably believing the purchase was legitimate.

Mr C has provided the HPI check and MOT check, but these are both dated from August 2024 and not from the time of purchasing the vehicle.

One of our investigators looked into things. He said that whilst he sympathised with Mr C's situation and the circumstances Mr C found himself in, his claim was not covered by the Contingent Reimbursement Model (CRM) code as it was defined as a private civil dispute. He also went on to consider if Monzo ought to refund Mr C for his losses outside of the code but found that the nature and value of the payment wasn't likely to be one that Monzo ought to have considered as unusual or suspicious to the extent that it needed to intervene or

discuss the payment with Mr C when he made it. But even if it had, he didn't think Monzo would have had any concerns given that Mr C was viewing the car before purchasing it.

The investigator acknowledged that the seller had been dishonest and misrepresented the condition of the vehicle when selling it, but that wasn't enough to say he'd been the victim of an APP scam.

He concluded that Monzo did not need to refund Mr C in this instance. Unhappy with this outcome Mr C asked for his case to be reviewed by an ombudsman.

### **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'll start by saying I'm sorry that Mr C has lost out as a result of what's happened here. It's my role to consider, whether Monzo is responsible to refund Mr C, when applying the Contingent Reimbursement Model (CRM) and other relevant industry guidance in deciding the outcome of this complaint.

The investigator set out a very clear view, explaining why Mr C's claim is not covered by the CRM code and why there is no other reason Monzo ought to refund him in these circumstances. I agree with those findings. I'll explain why.

I agree that Mr C has not been the victim of an APP scam. That's not to take away that Mr C hasn't suffered a loss or, that some fraudulent behaviour may have been underlying the car seller's actions. But not all instances of fraud will be enough to say that a bank is responsible for a consumer's losses. I need to see convincing evidence that Mr C has been the victim of an Authorised Push Payment (APP) scam, in order for that to be the case.

Below are the relevant sections of the CRM code.

#### *APP Scam*

*Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, where:*

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person;*
- or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

*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;*

In order for the consumer to have been the victim of an APP scam the consumer must have been deceived about the very purpose for which their payment has been procured. Here the purpose of the payment was to purchase a car and that's what Mr C received.

A dishonest misrepresentation about the quality of the car, whilst may be a deceit to deliberately and dishonestly procure Mr C's payment, it doesn't give rise to a situation where the seller and Mr C have different purposes for the payment.

Mr C says the seller was not legitimate as he wasn't the legal owner of the vehicle. Mr C hasn't provided any evidence to support this comment. And he's said that when he contacted the previous owner, they confirmed they had sold the car to the seller. Even if the logbook had not yet been updated. So, I'm not satisfied, based on both a lack of evidence and from Mr C's own version of events, that the seller was not the legal owner or didn't have the right to sell the vehicle.

The MOT check also shows the car has a valid MOT valid until March 2025. The work that needed to be carried out on it in March 2024 were the rear brake pads needed to be replaced and the nearside rear suspension was weak and had an advisory to monitor and repair if necessary. Mr C hasn't provided any evidence that the car is not worth what he paid for it or that he hasn't been able to make use of it. The only evidence he's provided is a breakdown report from around the time of purchase. But in any event these points all relate to the quality of the goods rather than an APP scam having occurred.

Regardless of the above, Mr C has received the car, the same car as featured in the advert. And I've seen no evidence that the seller wasn't entitled to sell that vehicle to Mr C. And although Mr C says the car is not of the advertised standard or quality, he's not provided any evidence to support that.

Whilst Mr C is understandably unhappy with the car and may to have genuine dispute with the seller over the quality of the car. That is primarily a civil and contractual dispute between two parties – for the quality of goods. Which is specifically excluded under the CRM code. As Monzo didn't need to consider this as an APP scam then it didn't need to go on to contact the recipient account provider. It didn't need to intervene with the payment either, and even if it had I don't think it would have made a difference given that Mr C says he carried out the checks before purchasing the car and was going to view it before making the payments. Which is the nature of questions and advice a bank ought to provide before purchasing a vehicle. So, I'm not persuaded Monzo could or ought to have known that Mr C would end up suffering a loss here.

I've seen no other reason to make an award for redress, and I'm satisfied that Monzo correctly considered Mr C's claim.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 October 2024.

Sophia Smith  
**Ombudsman**