

## **The complaint**

Miss G is unhappy that Monzo Bank Ltd won't reimburse her money she lost after being a victim of fraud.

## **What happened**

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Miss G was looking to rent accommodation abroad for a holiday and came across an independent travel agent advertised on a social media platform. Miss G agreed a price with the agent and was instructed to make a payment of £600, which she completed from her Monzo account on 23 March 2024.

Unfortunately, unbeknown to Miss G at the time, she was in fact speaking with a person intent on defrauding her. After she'd transferred the funds, Miss G discovered she'd been a victim of fraud and reported the matter to Monzo.

Monzo considered Miss G's complaint against the Contingent Reimbursement Model (the CRM Code) but decided not to reimburse her loss. It found that Miss G ought to have done more to protect herself before carrying out the transaction. It did however pay £50 in compensation for delays in providing an answer to her claim.

Miss G didn't agree with Monzo's assessment, so she referred her complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties but didn't recommend Monzo do anything more. In summary, they agreed Miss G didn't make the transfer with a reasonable basis for believing she was dealing with a legitimate person. They also found that no intervention was required by Monzo due to the value of the payment.

Miss G remained unhappy with the Investigator's assessment, so the matter has been passed to me for a decision to be made.

## **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 doing so, 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 have been good industry practice at the time.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo ought to have reimbursed Miss G under the provisions of the CRM Code, and whether it ought to have done more to protect Miss G from the possibility of financial harm from fraud. Monzo isn't a signatory to the CRM Code, but it has agreed to consider complaints such as this under its principles.

I'm persuaded that Miss G has fallen victim to a scam. But this isn't enough for her to receive a refund of the money under the CRM Code. The Code places a level of care on Miss G too.

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

- 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.

Taking into account all the circumstances of this case, I don't think Miss G had a reasonable basis for believing the payments were for genuine goods, or, that the person they transacted with was legitimate. I'll explain why.

Miss G found the purported travel agent advertised on a social media platform. While I appreciate that finding individuals claiming to provide services such as this on social media has become more commonplace in recent years, I would have expected contact between both parties to have been conducted in a more formal manner, such as via email, to ensure accountability and that correspondence could be retained for records.

The person Miss G spoke with claimed to be an independent travel agent and wasn't associated with any company. Miss G says that she believed this to be normal: as she'd thought herself about starting her own business doing the same thing. But I would have expected Miss G to carry out some research or due diligence to ensure she was speaking with a legitimate agent. Miss G has admitted to carrying out no research at all and appears to have taken the individual's claims at face value.

Miss G has also admitted that the price quoted by the agent was better than the prices she'd seen from her own independent research online for equivalent accommodation. This ought to have acted as a red flag to her. She was transacting with a person she knew nothing about, and they were offering her accommodation at values lower than she'd seen online.

When Miss G was provided the banking information where the payment for the accommodation was to be made, it was to an account in the name of an individual different to that of the person she was speaking with on the social media platform. Considering they had claimed to be an independent agent, I think this ought to have caused Miss G some concern.

Considering the collective points I've made above, I'm persuaded Miss G didn't make the payments with a reasonable basis of belief that she was paying for genuine goods, or, that she was transacting with a legitimate person.

*Could Monzo have done more to prevent the fraud?*

The CRM Code requires Monzo to take reasonable steps to protect their customers from Authorised Push Payment (APP) scams. This includes being on the lookout for, and helping to prevent, payments that could involve fraud. Where they identify potential fraud risks, Monzo are required to provide effective warnings.

So, I've considered whether the payments Miss G made were so unusual or out of character that I think Monzo should've been concerned that they may have been the victim of fraud and intervened.

Firms, like Monzo, have a difficult balance to strike in detecting unusual activity, such as payments that carry a higher than usual risk of fraud, against its obligation to make payments in line with its customer's instruction promptly. This is particularly so where a firm is processing millions of payments each day; it therefore wouldn't be reasonable to expect a payment provider to check each one.

Here, Miss G made a one-off payment to a new payee for the value of £600. While I don't wish to downplay the substantial loss Miss G has suffered, it wasn't uncommon for Miss G to make occasional higher value payments from her account; sometimes higher in value than the payment subject to this complaint. So I don't find that this payment stands out when considering Miss G's normal account activity.

For the above reasons, I don't find Monzo ought to have intervened in the payment and provided an effective warning.

*Did Monzo do what it ought to have done once the fraud was reported?*

When instances of fraud are reported to a firm, it's expected to contact the receiving firm immediately in an attempt to recover the funds lost. Here, Monzo didn't submit a report to the receiving bank until circa two months after Miss G reported the fraud. So, I'm satisfied Monzo didn't meet the standards required in this case.

Having said that, our service has obtained the statements for the receiving account, and this confirms the funds were removed from it prior to Miss G reporting the fraud to Monzo. So, even if Monzo had met the required standards and contacted the receiving bank sooner, Miss G's funds unfortunately would not have been recoverable.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 29 November 2024.

Stephen Westlake  
**Ombudsman**