

The complaint

Mrs D 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 October 2023, Mrs D was attempting to arrange a visa sponsorship and work for a family member. Mrs D's family member provided her with a contact, who she got in touch with and was added to a group on a well-known messaging service.

Mrs D was told that it would cost £11,500 to get a job with guaranteed sponsorship, with an upfront cost of 80%, with the remainder to be paid on receipt of the visa sponsorship – Mrs D was told the sponsorship should arrive within three weeks. Mrs D added that she contacted a couple of other people, who were in the same group, to verify the person who she was dealing with.

Believing everything to be genuine, Mrs D went ahead and sent £8,900 (made up of two payments of £2,000, £4,000 in total, from her Monzo account. With the remainder being sent from an account she held with another bank) to account details that she was provided with. But unknown to her at the time, Mrs D was dealing with fraudsters and had sent her money to accounts the fraudsters controlled.

Mrs D realised she'd been scammed, when she didn't receive the visa sponsorship, didn't receive a refund that she requested and contact with the fraudsters was ceased.

Mrs D 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 didn't uphold Mrs D's complaint. It tried to recover Mrs D's money from the beneficiary banks (the banks to which the money was sent), but unfortunately it was unable to recover any of the money that was lost.

Unhappy with Monzo's response, Mrs D 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 Mrs D 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 Mrs D had sent.

Mrs D didn't agree with our Investigator's view. 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 Mrs D 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 Mrs D 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 Mrs D have a reasonable basis of belief?

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

I say this because;

- Mrs D has said she found from a professional social media platform that the individual she was dealing with worked for a company. But having researched this company, it doesn't appear that the nature of its business relates to the provision of immigration/visa/sponsorship advice. Alongside this it doesn't appear that Mrs D has carried out any research to confirm the firm/or individual she was dealing with were either qualified or regulated to provide such services.
- While I understand Mrs D has said she was dealing with an individual. When considering the formal nature of the service being paid for, the receipt of visa

sponsorship and employment, I think it is questionable as to why she was paying accounts held by multiple individuals, rather than to a firm that was clearly identifiable as offering these services.

- From the evidence I've seen, Mrs D doesn't appear to have been provided with, nor asked for, any documentation from the fraudster, regarding the individual she was dealing with, nor regarding the actual job/visa/sponsorship she was payments she was making payments towards. Given the official nature of the service being provided, I think it would have been reasonable to have expected such documentation to be forthcoming.
- Alongside this, I don't think a legitimate employer or recruitment agent would ask for large sums of money upfront.
- As well as this I don't think it's typical for a legitimate firm/individual, particularly given the formal nature of the service requested here, to communicate through an informal messaging service.
- Finally, I think the suggestion that the process of receiving a job and visa sponsorship could be completed within three weeks, considering how long I understand these things to typically take on average, was ambitious to the point of being too good to be true.

I can understand how in isolation any one of these things may not have prevented Mrs D from proceeding. But when taken collectively I think there was enough going on here that Mrs D ought to have acted far more cautiously than she did and should have had significant concerns about the transactions she was making. Overall, I find that Mrs D ought to have done more to verify that the person she was dealing with was actually able to offer her a legitimate certificate of sponsorship.

Effective warnings

I've gone on to think about whether Monzo did what was expected of it at the time Mrs D 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 Mrs D 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 Mrs D 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.

Recovery

Finally, I have considered whether Monzo did all it could to try and recover the money Mrs D 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 sadly was the case here, with the beneficiary banks confirming that no funds remained.

All things considered, I don't find that Monzo is liable to refund Mrs D 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 Mrs D 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 Mrs D 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 Mrs D to accept or reject my decision before 15 May 2025.

Stephen Wise
Ombudsman