

The complaint

Miss B is unhappy that Monzo Bank Ltd hasn't reimbursed 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 all in detail here. But in summary I understand it to be as follows.

Miss B saw an item for sale on a well-known social media online marketplace, that she was interested in buying. She contacted the seller, by way of messages, and asked if the item was still available. Miss B has said that she hadn't previously purchased items from the marketplace before, but her family had and so she felt safe using it. She's told us that she didn't notice anything unusual about the seller's profile. Miss B has said she had been looking for the item for some time and the price was good, but comparable to what she'd seen elsewhere.

Believing everything to be genuine, on 21 April 2024, Miss B went ahead and made a payment for £160 to the bank details provided by the seller. Before doing so she asked the seller to send her a video of the item, with the seller saying they could take some photo's and send those, which Miss B agreed to. But after making the payment, she became concerned when she didn't receive the item, the tracking number she was given didn't work and the seller blocked her. Unknown to her at the time, she had been communicating with a fraudster and had sent her money to an account the fraudster controlled.

Miss B raised the matter with Monzo. It had committed to follow the Lending Standards Board Contingent Reimbursement Model (CRM) Code (although it wasn't a signatory). The CRM Code required firms to reimburse customers who had been the victims of APP scams like this in all but a limited number of circumstances. Monzo says one or more of those exceptions applies in this case.

Monzo issued its final response to Miss B on 6 June 2024, not upholding her complaint. In summary it said it felt Miss B hadn't taken enough steps to check who she was paying and what for. Monzo added that it had tried to recover the money Miss B had sent from the beneficiary bank (the bank to which the payments were made), but unfortunately it hadn't been able to recover anything.

Unhappy with Monzo's response, Miss B then brought her complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld and that Monzo should refund Miss B the money she lost, along with interest. In summary, our Investigator didn't think Monzo had established that it shouldn't reimburse Miss B on the basis that she didn't have a reasonable basis for believing she was making a legitimate payment.

Monzo didn't agree with our Investigator's view. In summary it said;

- Miss B receiving a photo of the item didn't prove the seller was in possession of it.

- The payment was made to a random personal account.
- The payment was made using a method that doesn't offer any buyer protection and the selling platform she used had no process for providing buyer protection.
- The price of the item was too good to be true.

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.

Having done so, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Miss B lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- In the circumstances Monzo should now fairly and reasonably refund the money Miss B lost.

Did Miss B have a reasonable basis for belief when making the payment?

I've taken into account the evidence provided by both sides. Under the terms of the CRM Code, 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 exceptions to reimbursement can be applied.

I've carefully considered Monzo's representations about whether Miss B had a reasonable basis for believing the purchase was genuine. Weighing everything up, I don't think it would have been evident to Miss B that there was a risk with this purchase, I say that because;

- Miss B saw the item she was interested in on a well-known social media platform's marketplace. She engaged with the seller through a number of messages. From reviewing these messages, I don't consider the seller was applying any pressure (which can often be the indicator of a scam).
- I'm mindful Monzo has argued that the price of the item was too good to be true. On the other hand, Miss B has said that she'd been looking for an item such as this for some time and while she thought the price was good, it was comparable to what she'd seen elsewhere. I agree with Monzo to a degree here, it seems to me that the price the item was being offered for was low – but I don't think it was so good to the point of being implausible, whereby Miss B should reasonably have had doubts about the legitimacy of the item or the seller.
- Monzo has argued that Miss B didn't follow the marketplace's safety recommendations when making the payment and that it offered no buyer protection. I don't agree with Monzo's position here. This is because, the information about payment is contained amongst other information and required several 'clicks' to see the section in question that Monzo refers to. In light of the specific circumstances of this case, I don't think it is practical or proportionate to have expected Miss B to have read the help guide in its entirety before proceeding to make the payment.
- Monzo argues that Miss B had no proof the item existed and it says having a photo doesn't prove that it existed. I agree that none of the evidence Miss B saw could

have provided conclusive proof of the goods being genuine, but that is not the test required under the CRM Code. Miss B was merely required to have a reasonable basis for believing this was legitimate. And while none of the steps she took, such as asking for a video/photo of the item could give conclusive proof, I'm satisfied that what Miss B relied on was proportionate to the value and the wider circumstances of this transaction. She took care to ask for photos of the item before proceeding, which I'm satisfied demonstrates that she was making a payment here without a complete disregard for risk.

- Monzo has also argued that Miss B made a payment to an account that was in a different name to that of the seller. This is true, but the seller gave a, not unreasonable, explanation as to why the payment was being made to that account. I'm also mindful that the account details returned a 'confirmation of payee' match, which I think would have also reasonably given Miss B some assurance that who she was paying was legitimate.

I've no doubt with the benefit of hindsight, there may have been things Miss B would do differently and further checks that she may have carried out. But Miss B had not been scammed before, a close family member had used this marketplace before and the photos she received of the item gave her reason to believe it was a legitimate sale. She is not an expert in all matters relating to frauds and scams, nor about how they work or can play out. The fact that the bank, as a professional in these matters, can think of additional things Miss B could have done does not mean that she did not do enough. People don't want or expect to be scammed and I think overall Miss B took reasonable, appropriate, and proportionate steps to try and protect herself. I don't consider she had any reason to think the seller would not keep to their side of that bargain.

Overall and on balance I'm satisfied that Miss B made the payment with a reasonable basis for believing this was a genuine seller and a genuine item. It follows that I am not satisfied Monzo has established that it can fairly rely on the relevant exception to reimbursement under the CRM code.

Putting things right

For the reasons outlined above, I've decided it is fair and reasonable to uphold Miss B's complaint. I therefore require Monzo Bank Ltd to pay Miss B;

- The money lost through this scam, being the sum of £160.
- 8% simple interest per year on that amount calculated from the date the bank originally declined Miss B's claim until the date of settlement.

My final decision

My final decision is that I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 July 2025.

Stephen Wise
Ombudsman