

The complaint

Mr A complains that Monzo Bank Ltd won't refund him after he fell victim to a scam.

What happened

On 11 September 2024, I issued my provisional decision on this complaint. I wanted to give both parties a chance to provide any more evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

Mr A has explained that he was discussing with a close colleague that he was looking to secure a sponsorship for his cousin to allow him to work in the UK. Mr A's colleague told him about a lady that he was aware was going through a similar process (I'll refer to this lady as J).

J confirmed she was liaising with another lady I'll refer to as M, in order to obtain a certificate of sponsorship. Unfortunately, unknown to both Mr A and J at the time, M was in fact a fraudster.

Mr A got in touch with M who stated she worked in the care sector. M stated there weren't any sponsorships currently available, but that she would get in touch when spaces arose. A few weeks later, M got back in touch with Mr A advising of availability. Mr A's cousin was told what paperwork he needed to provide - including confirmation of his qualifications and a negative tuberculosis test result - and was told he would need to be interviewed.

Mr A says his cousin was interviewed online via a panel including M, after which he was told he was successful. His cousin was told that to receive his sponsorship he would need to pay £6,000 to cover his flights to the UK, a month's accommodation costs and the certificate. Mr A has explained that he's aware that it is sometimes the case with sponsorships that up front costs are paid and then reimbursed, so this did not concern him.

M provided Mr A with an individual's bank details to pay the funds to. Mr A has said he asked if he could pay the care company directly, but was told that as there was a list of individuals awaiting sponsorship, his cousin may not be successful if he paid this way, however if he paid the individual's account, they would ensure he was successful. Mr A has acknowledged he was instinctively against doing this, so instead paid J directly, who passed the funds on for him to M. However, when Mr A kept having the timeframes extended for when the sponsorship would be provided, he realised he'd fallen victim to a scam and contacted his bank account provider, Monzo, to raise a scam claim.

Monzo investigated Mr A's claim and considered its obligations to provide him with a refund. Monzo has agreed to act in the spirit of the Lending Standards Board Contingent Reimbursement Model (CRM) Code, although it isn't a signatory of it. The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. Monzo says one or more of those exceptions applies in this case.

Monzo has said Mr A didn't have a reasonable basis for believing he was making a genuine payment. Monzo considers Mr A did not complete sufficient due diligence and had no reasonable basis for believing this was a genuine payment transfer. However, it did award £30 to Mr A to acknowledge the wait times Mr A experienced when making a claim.

Mr A remained unhappy and referred his complaint to our service. An investigator considered the complaint and upheld it in part. She didn't think Mr A had a reasonable basis for believing the payment he made was legitimate. However, she also didn't consider Monzo had done enough to protect Mr A from financial harm from fraud, considering the fraud risk his payment presented. She concluded that had Monzo contacted Mr A when processing the payment to query the purpose for payment, the scam would've been uncovered and Mr A's losses avoided. She therefore considered both parties should share liability, with Monzo refunding Mr A 50% of the payment he made.

Monzo disagreed with the investigator's view, so the complaint has been referred to me for a final decision.

What I've provisionally 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.

While I'm sorry to disappoint Mr A, I'm currently minded to not uphold his complaint against Monzo. I appreciate this won't be the outcome Mr A was hoping for, but I've explained my reasons below.

Monzo has agreed to act in the spirit of the Lending Standards Board Contingent Reimbursement Model (CRM) Code, although it isn't a signatory of it. The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

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.*

Monzo considers Mr A didn't have a reasonable basis for believing he was making a legitimate payment transfer as part of the scam. Having considered the information provided by both Mr A and Monzo, I think it is fair for Monzo to have relied on this exception of the Code. I don't doubt that there were some elements of this scam that were elaborate and that would've instilled confidence in Mr A that this was a legitimate sponsorship offer, such as the interview process Mr A's cousin went through and requests for documentation.

However, I've also considered that Mr A has himself acknowledged that he had an 'instinct' when he was asked to pay an unknown individual's account, which is what led him to pay J, rather than the fraudster directly. I also think Mr A could've done more to research the company he believed the sponsorship was linked to which could have uncovered the scam. For example, had he reviewed the company's website, he would have seen it warned against individuals claiming to work for the company and related scams. As I think Mr A had

reason to be concerned about the payment transfer he was making, but proceeded in spite of this, I think it's fair for Mr A to be held responsible, at least in part, for his losses.

I've then gone on to consider whether Monzo should also be held responsible in part for Mr A's losses. Monzo has said that when Mr A made the payment transfer, it completed a 'confirmation of payee' check, which confirmed that the payee details Mr A had entered matched the account he was paying. However, as Monzo didn't detect the payment as high risk, no further warnings were provided.

I've taken into account that the provision of an effective warning is the minimum expectation required of a firm when faced with an identified fraud risk. In this case, Mr A's payment to the fraudster was for £6,000. This was significantly higher than any other transfers he had made in the 12 months prior to the scam. I therefore think that the risk of financial harm from fraud was such that Monzo ought to have intervened not only by providing an effective warning to Mr A, but also requesting to speak to Mr A, prior to allowing the payment to proceed.

However, I've thought about what that human intervention would've looked like, had it taken place. I have to bear in mind that scams of this nature, while arguably on the rise, aren't one of the common scams we see, and it's therefore not something I would expect even a bank's fraud department to have much, if any, experience with, particularly in August 2023 when this payment took place. Therefore, had Mr A been questioned on the nature of the payment, I think it's likely Mr A would've been honest that he was paying to support his cousin's certificate of sponsorship, that he'd been referred to this particular individual via recommendation of someone else also going through a similar process, that he'd spoken with the firm employing his cousin (as he believed he had) and that his cousin had gone through a legitimate recruitment process, including an interview. Whilst there were some red flags, such as paying an individual rather than a business, that the bank may have identified – I don't think there was enough here that bank staff would've been able to conclude from a phone call that Mr A was definitely falling victim to a scam and to block the payment.

Therefore, while I think Monzo ought to have done more to check whether Mr A was at risk of financial harm from fraud when making this payment, I can't fairly conclude that any proportionate checks would've identified this scam and I therefore don't think it would be fair to hold Monzo liable for the losses Mr A has incurred.

My provisional decision

My provisional decision is that I don't uphold Mr A's complaint against Monzo Bank Ltd.

Mr A didn't agree with my provisional decision. In summary, he said Monzo ought to have done more when this payment was made. He considers that had the bank contacted him, it ought to have flagged that the payment was being made to an individual's account, rather than a business account, and warned against this payment. Mr A also advised that he called the firm he believed was offering the role, and was able to confirm that M worked for the firm and handled their sponsorships. However, after M cut contact with Mr A, he called the firm back and was told his cousin's name was never put forward for sponsorship. Mr A says that had Monzo called him to query the payment, he wouldn't have made it, he would have gone physically to the firm's address instead to make the payment. He also advised that someone he knew made a similar transaction and was warned by his bank against making the payment.

Monzo didn't respond to my provisional 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.

I appreciate Mr A's strength of feeling in this case, and I'd like to assure him I've carefully considered all the additional points he has made. However, having done so, while I'm sorry to disappoint Mr A, my opinion remains the same and I am not upholding his complaint. I've provided my reasons below, covering Mr A's additional points.

Mr A has explained that had Monzo called him, he wouldn't have made the payment he did and would instead have, for example, visited the firm he believed he was paying directly. As covered in my provisional decision, I agree with Mr A that, based on the value of the payment, Monzo ought to have called him. However, this call would have been to further question Mr A on the payment to assure itself he wasn't falling victim to a scam – it *wouldn't* be to advise him that this payment was a scam and not to make it. I've also had to consider that the scam Mr A fell victim to is not one we commonly see, and wouldn't have been particularly known to Monzo in August 2023 when this scam took place.

With this in mind, I've thought about what would most likely have happened, had Monzo contacted Mr A to question the payment. While I would've expected Monzo to have asked further questions to Mr A, I don't think Monzo ought to have been on alert when Mr A advised it was for a sponsorship, based on these scams not being commonplace at the time. I still would've expected Monzo to have asked general questions regarding this (e.g. how did you come across this payee, do you know and trust them, have you researched the firm in question), but based on the particular circumstances of this complaint, and the answers Mr A would've likely provided, I think it would be unreasonable to conclude that Monzo ought to have been concerned as a result about the payment and for it to have therefore shared any concerns with Mr A.

Mr A has said that had Monzo questioned why he was paying an individual, he would've gone to the firm directly and made the payment. However, Mr A was aware he was paying an individual not linked to the firm – and it appears this is at least in part due to having an 'instinct' about M and therefore trusting J more. I think this demonstrates Mr A did have some concerns already about paying an individual - and I don't think there's anything I could reasonably have expected Monzo to have added that would've been new information to Mr A on this point.

I appreciate Mr A has commented on another individual he knows whose bank acted differently in similar circumstances. I can only comment on the complaint I have for consideration – as the particular circumstances of each are carefully considered when determining whether a business acted fairly or otherwise.

Overall, while I understand Mr A's disappointment in this outcome, I remain of the opinion that I can't attribute Monzo's inaction in this case as the reason for Mr A's losses and it therefore follows that I don't require Monzo to reimburse him.

My final decision

My final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 October 2024.

Kirsty Upton
Ombudsman