

The complaint

Miss L complains that Monzo Bank Ltd hasn't refunded her after she was the victim of a scam in May 2024.

What happened

Miss L holds a current account with Monzo. She explains she'd missed out on purchasing music tickets due to the limited number available for sale. But her mother noticed that her personal friend had just advertised some for sale on her social media feed.

This was a friend Miss L's mother had known for a decade. She'd been on holidays with that person. The post was on the friend's page and so her contacts could view it, including Miss L's mother.

They got in touch with the friend and the friend explained she and a group of friends had all booked tickets for the same event and they'd been successful in their purchase. As a result they'd bought more than they needed for themselves and had four to sell. This seemed plausible to Miss L and her mother.

The price per ticket was to be £155. Miss L says she'd not got through to be able to purchase tickets when she'd tried herself, so was unsure if this was the face value or not. Some tickets for resale at the same time appear to have been at a higher price.

Miss L's mother didn't ask for proof that her friend had the tickets. She explains she trusted the friend – there was no need to get the friend to prove what they were saying.

Miss L wanted to buy the four tickets the friend had available. She sent the payments to the seller. The seller suggested there was a limit on the payments Miss L would be able to send her of £250 per payment. Miss L therefore made two payments of £250 and a payment of £120, which equated to the total of £620 (the amount needed for four tickets at £155 each).

However, having paid this, the seller asked for an extra £50 per ticket to change the names. Miss L knew that wasn't right. She messaged the seller explaining the website the seller was using (a well known site) didn't charge any fee for changing the name on a ticket.

After some more discussion about this, Miss L and her mother started to get suspicious. There should be no need to pay this additional fee. They asked the friend to call them, but this attempt failed. They later learned that the friend's social media account had been hacked, and that it hadn't been the friend they'd been speaking to, but instead a fraudster.

Miss L didn't receive the tickets, and was left out of pocket by the £620 she'd paid. She reported the scam to Monzo.

This type of scam is known as an Authorised Push Payment scam (an APP scam). At the time this took place, Monzo wasn't a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code), but Monzo had committed to apply the CRM Code to APP Scam claims.

The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

However, Monzo declined to reimburse Miss L. It said an exception to reimbursement applied in this case. It has said:

- The social media platform wasn't a recognised or official place to purchase tickets;
- Legitimate ticket reseller websites contain warnings about purchasing tickets on social media sites;
- Miss L and her mother hadn't asked for any proof the friend had what she claimed to have;
- The price offered was too good to be true;
- Neither Miss L nor her mother had checked they were actually speaking to the friend.

For these reasons Monzo thought Miss L hadn't had a reasonable basis for believing she was paying the person she intended to pay, or that this was a legitimate seller of tickets. That meant it was entitled not to refund Miss L under the CRM Code.

Miss L didn't think this was fair. She asked our service to review everything.

Our Investigator looked into what had happened. He didn't think Monzo was right to have refused to reimburse Miss L. He thought that because Miss L was buying from a trusted friend of her mother, she'd had a reasonable basis for believing what she did. He thought Monzo should fully reimburse Miss L and add interest at the rate of 8% simple per year.

Monzo disagreed. I have therefore been asked to review everything afresh and reach 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

As noted above, where a payment was made as the result of an APP Scam, then the voluntary CRM Code can require the reimbursement of customers. But Monzo says that an exception to reimbursement under the CRM Code can be applied to Miss L's case. The relevant exception is:

- In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine

goods or services; and/or (iii) the person or business with whom they transacted was legitimate.

The CRM Code says Monzo must have established that the exception applies to Miss L's case if it seeks to rely on it as a reason not to refund her.

Having carefully reviewed all of the available evidence on this complaint, including Monzo's further representations made in response to the Investigator's assessment, I don't think the bank was entitled to decline to reimburse Miss L.

I accept Monzo's point that a social media site isn't an official place to purchase a music ticket. In this case the ticket was advertised on a friend's social media page (which had at the time been compromised).

But I don't think Miss L would reasonably have thought she was putting her trust in the social media site to protect her or to validate the transaction. The source of her (and her mother's) trust was in the specific individual who appeared to be selling the tickets.

I don't agree with Monzo that that confidence wouldn't outweigh the other factors here. I think the price, while low wasn't clearly too good to be true in the context of buying surplus tickets from a good friend. It seems to me not unreasonable to think that in such a situation a friend might be willing to part with the ticket for the face value or less rather than seeking to make a profit from their friends by selling above what they'd paid themselves.

And I don't think in purchasing from a trusted friend that Miss L or her mother were at fault in not asking that friend to prove they had what they said they did. On the contrary I think their actions were quite natural and understandable in the circumstances.

Finally, turning to Monzo's concern that Miss L and her mother didn't take steps to check they were indeed speaking to their friend (and so that the friend's account hadn't been hacked) I am not persuaded there was anything that should have prompted them to take that step here. They had made contact with someone who appeared to be their friend, and there's nothing obvious in the chat that I think might have alerted them it might not be.

When the scammer tried to extract extra money through the excuse of needing £200 more to change the names, Miss L quickly realised something was wrong and did take the step of trying to speak to the friend – ultimately uncovering the scam. I don't think that step would have been obviously something she (or her mother) should have thought they needed to do prior to that point. Rather they were under the reasonable belief that this person they were interacting with on their friend's social media page was in fact their friend.

They didn't have the benefit of hindsight to identify the risk that the account might have been hacked – and in almost all other circumstances it wouldn't have been. I don't think this was an unreasonable belief for them to have had, or that in making the payments Miss L did that she was paying the person she believed she was paying.

Miss L explains the impact the loss of this money had on her. Given the time Miss L has been deprived of the funds she lost to the scam, I think it would be appropriate for interest to be added to the loss at the rate of 8% simple per year.

Putting things right

I find that Monzo should have refunded Miss L in full under the terms of the CRM Code. To put matters right, I require Monzo Bank Ltd to pay Miss L:

- the full amount of the payments she made to this scam, less any amounts the bank has already been able to recover or otherwise return to her. The bank should do so within 28 days of receiving notification of Miss L's acceptance of my final decision; plus,
- interest at the simple rate of 8% per year on the above sum (less any tax properly deductible) to be calculated from the date Monzo first declined Miss L's claim under the CRM Code until the date of settlement.

My final decision

For the reasons given above I uphold Miss L's complaint about Monzo Bank Ltd in full and require the bank to put matters right as I have set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 25 April 2025.

Stephen Dickie
Ombudsman