

The complaint

Mr and Mrs M complain that Monzo Bank Ltd hasn't reimbursed the money they've lost to a scam.

What happened

Mr and Mrs M have fallen victim to a purchase scam. They found a vehicle they wanted to buy on a popular online marketplace. The total cost for the vehicle was £29,000. Due to proximity, they couldn't arrange to view the vehicle prior to collecting it, but they:

- Received several pictures and videos of the vehicle.
- Ran a vehicle check with a well-known automotive company and were satisfied with the information the check returned.
- Reviewed the seller's residential address.
- Agreed to pay a refundable deposit to hold the vehicle whilst they arranged for it to be inspected by a specialist – the inspection was scheduled to be carried out by a well-known motoring association.

Mr and Mrs M paid a £4,000 refundable deposit from their Monzo account on 28 March 2023. They received a Confirmation of Payee ('COP') 'match' when they made the payment.

Unfortunately, it transpired that they had been defrauded.

Monzo declined to reimburse Mr and Mrs M's financial loss because it said that they didn't take enough steps to check who they were paying and what for.

What did our investigator say?

Our investigator thought that Mr and Mrs M had a reasonable basis for belief on this occasion and should receive a refund from Monzo under the terms of the Lending Standards Board's contingent reimbursement model ('CRM Code').

Monzo didn't agree. It said that:

- The scam Mr and Mrs M fell victim to wasn't complex.
- Mr and Mrs M didn't see the vehicle before sending money for it.
- The price of the vehicle was too good to be true considering other, similar vehicles advertised for sale on a well-known automotive marketplace.
- Although Mr and Mrs M carried out some checks on the vehicle they intended to purchase, they had no way of knowing that the person they were purchasing from had the goods.
- Mr and Mrs M sent funds for the vehicle via an unsecure payment method instead of using the platform provided by the online marketplace.

Monzo asked for an ombudsman's final decision, so the case has been passed to me to decide.

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.

It's not in dispute that Mr and Mrs M have fallen victim to an Authorised Push Payment ('APP') scam.

Monzo wasn't a signatory of the CRM Code, which was in force when the disputed payment was made, but it has allowed us to apply the Code's principles to complaints we consider against it which meet the relevant criteria.

The CRM Code requires firms to reimburse customers who have been the victims of an APP scam, like the one Mr and Mrs M have fallen victim to, in all but a limited number of circumstances. Monzo has argued that one of the exceptions applies in this case. It says that Mr and Mrs M made the disputed payment without a reasonable basis for belief that the payee was the person they were expecting to pay, the payment was for genuine goods or services and/or the business or person they were transacting with was legitimate.

In thinking about whether Mr and Mrs M had a reasonable basis for belief, I've considered what steps they took to reassure themselves about the legitimacy of the transaction, and whether it was reasonable for them to proceed with the disputed payment.

Mr and Mrs M say they couldn't view the vehicle prior to collection due to proximity, but they did everything they could think of to protect themselves in the circumstances. Monzo has raised some points in defending this case which may be valid, but the question for me is whether it was *reasonable* for Mr and Mrs M to believe, in all of the circumstances, that the payee was the person they were expecting to pay, the payment was for genuine goods or services and/or the business or person they were transacting with was legitimate and, overall, I think it was. I'm persuaded that they took reasonable steps to protect themselves from financial harm here and that they had a reasonable basis for belief on this occasion. I say this because:

- I've seen that Mr and Mrs M received several photos and videos of the vehicle they wanted to purchase, including media that showed the seller with the vehicle. I'm satisfied that it's reasonable for the media they received together with the research they did on the seller's residential address to have persuaded them that the seller was a genuine person who was in possession of the vehicle.
- Mr and Mrs M have said that they viewed other, similar vehicles before deciding to go ahead with the relevant purchase and the prices were in line with the price of the vehicle they intended to buy. The vehicle check they ran with a well-known automotive company appears to confirm that the price of the vehicle they were purchasing was not too good to be true.
- The vehicle check they ran did not flag up any concerns.
- Mr and Mrs M received a COP 'match' when making the disputed payment – so they were reasonably satisfied that the payment they were making was going to the person they were expecting to pay.
- Mr and Mrs M agreed with the seller that they would pay just over 10% of the total purchase price by way of a holding deposit, to allow them time to arrange for the vehicle to be inspected by a trusted specialist. I think this was a sensible way to protect themselves in the circumstances.
- Mr and Mrs M paid the deposit outside of the online marketplace's payment platform, but the marketplace doesn't offer buyer protection for vehicle purchases in any event.

Monzo doesn't appear to be relying on an argument that Mr and Mrs M ignored an effective warning that it gave during the payment journey. So, I won't address this topic in any detail. But, for the sake of completeness, I will say that Monzo doesn't appear to have given Mr and Mrs M a warning, and I think it ought to have done considering the value of the disputed payment.

To conclude, I'm satisfied that Monzo should have reimbursed the money Mr and Mrs M lost to this scam under the terms of the CRM Code. I'm not persuaded that any of the permitted exceptions to reimbursement apply in the circumstances of this case.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint and instruct Monzo Bank Ltd to reimburse Mr and Mrs M's financial loss in full and pay interest at a rate of 8% simple per annum from the date their claim was declined under the CRM Code to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 17 June 2025.

Kyley Hanson
Ombudsman