

## The complaint

Miss A complains that Monzo Bank Ltd (Monzo) 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 all in detail here. But in summary, I understand it to be as follows.

In or around December 2023, Miss A was attempting to arrange visas, training courses, jobs and accommodation for some family members. She's said that a contact recommended a company that could help. She added that she searched for the company and could see it was registered on Companies House and entered into communication with an individual I'll refer to as 'D'.

Believing everything to be genuine, Miss A went ahead and sent £16,000 (made up of the payments listed below) from her Monzo account, to an account in D's name. With other money being sent from accounts she held with other banking providers.

Date	Amount
28/12/2023	£5,000
28/12/2023	£500
29/12/2023	£5,000
12/01/2024	£5,500
<b>Total loss</b>	<b>£16,000</b>

But unknown to her at the time, Miss A was dealing with fraudsters and had sent her money to accounts the fraudsters controlled.

Miss A 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.

Miss A 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 Miss A's complaint. It tried to recover Miss A's money from the beneficiary bank (the bank to which the money was sent), but unfortunately it was unable to recover any of the money that was lost.

Monzo did recognise that there was a delay of around a week in finalising its investigation into Miss A's claim, so it paid Miss A £35 by way of compensation.

Unhappy with Monzo's response, Miss A brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary

this was because he thought there was enough going on that Miss A ought to have had some concerns about the transactions she was making. Alongside this he 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 Miss A had sent.

Miss A didn't agree with our Investigator's view. In summary she said that the payments were out of character and should have stood out to Monzo and it should have intervened. Alongside this Miss A maintained that she had a reasonable basis for belief when making the payments. Miss A added that under the FCA's Consumer Duty (FG 22/5) Monzo has a duty to prevent foreseeable harm and, as the payments Miss A was making were out of character, it should have manually intervened.

As agreement hasn't been 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.

It's not in dispute that Miss A made the payments to the fraudster herself. So, in accordance with the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. However, as I've already set out, Monzo has agreed to abide by the principles of the CRM Code.

The starting position under the CRM Code is that Monzo ought to refund Miss A, unless it can establish an exception to reimbursement applies. Such exceptions to reimbursement include (as far as is relevant to this complaint) that Miss A;

- Made the payment without 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

In this case, I think that Monzo has fairly established that the above exception applies.

Broadly for the same reasons as our Investigator, I find that Miss A ought to have done more to verify that the person she was dealing with was actually able to offer the visa, jobs and accommodation that were being promised.

- Miss A has said the company was recommended to her and that she carried out research through looking at Companies House. But the evidence I've seen shows that Miss A appeared to be dealing, communicating and paying an individual. And having researched the company, I've not seen any evidence that verifies D worked for or had any association with this company. Alongside this, it doesn't appear that Miss A has carried out any research to confirm the firm/or individual she was dealing with were either qualified or regulated to provide such official services.
- When considering the formal nature of the service being paid for, the receipt of visas, employment and accommodation, I think it is questionable as to why she was paying an account held by an individual, rather than to a firm that was clearly identifiable as offering these services.
- From the evidence I've seen, Miss A doesn't appear to have been provided with, nor asked for, any documentation regarding the visas, jobs or accommodation – nor any itemised invoices to detail what the money was being paid for. 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 could be guaranteed after training, is not something a legitimate company would promise. I think before visas are granted that applicants would likely, amongst other things, be required to have Home Office checks carried out, to ensure the appropriate eligibility requirements are met.

I accept that a recommendation from a friend might have been persuasive, and I can understand how, in isolation, any one of these things may not have prevented Miss A from proceeding. But when taken collectively, I think there was enough going on here that Miss A ought to have acted far more cautiously than she did and should have had significant concerns about the transactions she was making. So, under the CRM Code, Monzo can fairly hold her at least partially liable.

### *Standards for firms*

The CRM Code requires a firm to provide an effective warning where it identifies an APP scam risk in a payment journey. I'm persuaded Monzo ought to have identified a scam risk when Miss A made the first payment of £5,000 given its value and that it was going to a new payee.

However, the Code also says that the assessment of whether a firm has met the standard or not should involve consideration of whether compliance with that standard would have had a material effect on preventing the scam that took place. That is to say, had it provided an effective warning to Miss A, would that have prevented the scam?

As the fraud and scams landscape is ever evolving, it's important that firms continuously update their fraud detection systems to keep up to date with common scams. I accept that purchase scams are well-known across industry and would certainly be considered a 'common' scam. But the specific variation of purchase scam in this case, that being the purchase of a visa, is not one which I'd consider to be 'common' at the time the payments were made, as it was not yet well-known across industry.

I accept that this scam is becoming more prevalent over time, but I'm mindful the payments were made over 18 months ago. I'm therefore not persuaded it would have been reasonable to expect Monzo to have factored this specific type of purchase scam into its online warnings when Miss A made the payments.

I find it likely that had Miss A been asked to select a payment purpose, she'd have got to a point where a purchase scam warning likely would have been given. But given how varied purchase scams can be, I'm also not persuaded that even a broader warning about 'purchase scams' would have been specific or impactful enough to resonate with Miss A. I'm mindful that firms ought to continuously review and update their warning systems to keep up to date with common scams, but it would not be reasonable to expect a firm to include a warning about every single variance of scam that is out there. And I'm not persuaded, in the

individual circumstances of this case, that the specific scam Miss A fell victim to, could fairly be considered a 'common' scam at the time.

I accept that during a conversation with Miss A, Monzo might have been able to uncover enough about what Miss A was doing to warn her that something didn't sound quite right, even without the knowledge of 'visa purchase' scams. But this is not a case where I'd expect Monzo to have made direct contact with Miss A, such as via a phone call, to discuss things further.

While Miss A argues that Monzo's intervention should have gone further, having reviewed Miss A's account statements for the months leading up to the scam the payments weren't so drastically dissimilar from previous transactions Miss A had made. So I am not in agreement that this is a case where Monzo ought to have made manual contact with Miss A. I consider that a proportionate intervention here would have been a written effective warning, but for the reasons I've explained, this would not have made a material difference to the success of the scam. And for these reasons, I find that Monzo is not liable for Miss A's loss as Monzo's failure to meet the standard has not had a material effect on preventing the scam that took place.

Miss A has pointed to the FCA's Consumer Duty that came into force on 31 July 2023 and puts an obligation on firms to avoid foreseeable harm to customers. The Consumer Duty Finalised Guidance FG22/5 (Paragraph 5.23) gives an example of foreseeable harm: *"consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"*. But here I find the loss was not caused by the inadequacy of Monzo's systems, rather that, for reasons explained, I'm not persuaded that Monzo could reasonably have foreseen that Miss A may have been at risk of financial harm.

#### *Recovery of funds*

Thinking next about the recovery of payments. Miss A raised the matter with Monzo on 13 March 2024 and it contacted the bank the funds were sent to. But unfortunately, it was advised that none of Miss A's funds remained. I don't think Monzo has missed an opportunity to recover the money Miss A lost.

#### *Distress and Inconvenience*

Finally, I note that Monzo offered Miss A £35 as compensation to recognise that the level of service it provided fell below its standards. It acknowledges that it didn't respond in a timely manner and there was a delay of just over a week, in it completing its investigation into Miss A's claim.

When considering Monzo's offer, I am mindful that the majority of the distress and inconvenience caused here was as a result of the scam Miss A fell victim to. But having a delayed response would have undoubtedly caused Miss A unnecessary inconvenience. Overall, I'm glad to see that Monzo has proactively recognised this when it reviewed Miss A's formal complaint, and I would have been inclined to award a similar amount as recognition for its failings here. So, I won't be asking it to pay any more.

Whilst I'm very sorry Miss A has fallen victim to this cruel scam – and I have no doubt it's had a huge impact on her, both financially and emotionally, for the reasons I've explained, I don't find Monzo can fairly or reasonably be held liable for her loss.

**My final decision**

For the reasons explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 8 August 2025.

Stephen Wise  
**Ombudsman**