

## **The complaint**

Mr W complains that Monzo Bank Ltd (“Monzo”) won’t refund payments he made as part of a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

Mr W advertised the sale of a computer part on a well-known social media site. Shortly after, Mr W received contact from an interested party and, following discussions with the third party, Mr W agreed to the sale.

Mr W received evidence that a payment to his account was pending and so sent the computer part to the address supplied by the buyer.

A short time later, Mr W received emails claiming to be from the buyer’s bank. These emails explained that he was required to make payments in order for the incoming payment to his account to be released. Mr W followed the instructions, going on to make three payments totalling £1,100 on 15 May 2023. Later that day, Mr W realised he’d been the victim of a scam and contacted Monzo to make them aware of the situation.

Mr W raised a formal complaint with Monzo in June 2023, making them aware that he was unhappy with the delays in receiving an answer to his claim and that the scam had meant he was now struggling financially.

In August 2023, Monzo contacted Mr W to let him know they were not liable to refund his losses. Shortly after receiving this response, Mr W asked Monzo for their final response on the matter and advised of his intention to refer his complaint to our service.

Having received no formal response, Mr W raised another complaint with Monzo in April 2024, complaining about their decision not to reimburse him as well as the poor service they provided following the scam.

Monzo responded to Mr W’s complaint explaining they weren’t liable to refund his losses as they didn’t feel he took enough steps to verify who he was paying and what for. Monzo did, however, accept that the time taken to investigate his claim and subsequent complaint exceeded their timeframes, paying Mr W £120 in recognition of this. Unhappy with this response, Mr W referred his complaint to our service.

An investigator looked into Mr W’s complaint but didn’t uphold it. The investigator felt that Mr W ought to have had concerns about the requested transactions and carried out more checks prior to making the payments. They also felt that the £120 award already paid by Monzo in recognition of their delays and poor service was fair.

Mr W disagreed with the investigator’s findings and asked for an ombudsman to review the complaint.

As the complaint couldn't be resolved by the investigator it has been passed to me for a 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.

Firstly, I'd like to say how sorry I am to see the impact this situation has had on Mr W. This was a cruel scam, and it has unquestionably had a large impact on him.

Mr W has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr W's complaint. This is not meant to be a discourtesy to Mr W, and I want to assure him I have considered everything he's submitted carefully.

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 bank such as Monzo is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Monzo isn't liable for the transactions.

Taking these things into account, I need to decide whether Monzo acted fairly and reasonably in its dealings with Mr W.

#### *Should Mr W receive a refund under the Contingent Reimbursement Model (CRM) Code?*

Monzo aren't a signatory of the CRM Code but have agreed to apply its provisions. The CRM Code requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances. In this case, Monzo have relied on the following exception to reimbursement in the CRM Code in order to decline Mr W's claim:

- 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.

In this case, I'm not persuaded that Mr W had a reasonable basis for belief in making the payments for the following reasons:

- Having reviewed the correspondence Mr W provided as part of his submissions, I don't believe the emails appear professional and legitimate. There are numerous spelling and grammatical errors spread throughout the correspondence. Further to this, the formatting of the emails also appears to be disjointed and not of the standard one who expect of a large and legitimate organisation.

- It's highly unusual for a financial institution to request funds to be paid in order to confirm the legitimacy of a sale and to release a payment. I can't see that Mr W questioned this further at the time or that he was given a plausible explanation as to why the payments were required.
- At the time of the second payment, the total amount Mr W was being asked to pay was larger than the payment he was expecting to receive, which is concerning and ought to have led to further questions being asked of the alleged company. Mr W was directed to pay accounts in a personal name rather than a business account. If the payments were genuinely being paid to a business one would expect the payment to be made to a business account.

I understand that Mr W had checked the profile of the buyer and the legitimacy of the company he believed he was receiving emails from. But, I don't believe these checks outweigh the above features which should've alerted him to the possibility that the requests for payment were fraudulent. Furthermore, I don't think an independent review of the company Mr W believed he was corresponding with to be a satisfactory test of the identity of the person sending the emails.

From everything I've seen, I'm not persuaded that Mr W had a reasonable basis of belief that the payment he was making was legitimate.

Lastly, I'm not persuaded that Monzo ought to have identified an APP scam risk at the time of the payments, based on the value and volume of the transactions. So, I can't fairly say Monzo were required to supply an effective warning to Mr W at any point prior to releasing the payments.

Overall, I'm satisfied Monzo met their standards and have acted fairly in declining Mr W's claim for reimbursement under the CRM Code.

#### *Could Monzo have prevented the scam at the time of the payments?*

I've considered whether Monzo could've done any more at the time of the payments in order to prevent Mr W's loss.

There are some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

I've reviewed the genuine activity on Mr W's account for the months leading up to the scam in order to determine whether Monzo ought to have intervened at the time of the payments. Having done so, I'm not persuaded the disputed payments represent such a clear departure from the genuine usage of Mr W's account that the transactions ought to have caused Monzo concern that he was at risk of fraud or financial harm. Though I accept that the payments were made in a relatively quick succession, I believe the overall value isn't significant enough to have caused Monzo concern that they should've intervened prior to releasing the funds.

Because of this, I'm unable to say that Monzo missed an opportunity to prevent the scam from taking place at the time of the transactions.

### Recovery of Mr W's funds

I've considered whether Monzo took the appropriate action once they were made aware that Mr W had fallen victim to a scam.

I can see that Monzo contacted the company who operated the beneficiary account in an attempt to recover Mr W's funds. I've received additional information from the beneficiary company confirming the funds had left the receiving account by the time Mr W had put Monzo on notice that he'd been the victim of a scam.

As that's the case, I'm satisfied there's nothing Monzo could've done to recover Mr W's funds.

### Monzo's handling of Mr W's claim and complaint

Monzo accepted that there were delays in responding to Mr W's claim under the CRM Code and his subsequent complaint, providing him £120 compensation in recognition of this.

Having reviewed the correspondence shared between both parties, Mr W makes it clear to Monzo from the outset that this situation is having a serious impact on him and repeatedly requests updates and an outcome on his initial complaint which was made in 2023. But, it's not until Mr W contacts Monzo again in April 2024 to raise another complaint about the delays he's experienced that the complaint is fully investigated, and a final response issued to Mr W.

I understand that this would've been an incredibly difficult and upsetting situation for Mr W to have navigated, even if Monzo had dealt with this in a timely manner. But, having taken everything into account, I'm not persuaded that Monzo should increase this amount of compensation already paid. I say this because, despite not giving Mr W referral rights to bring his complaint to our service, Monzo did make him aware that he could bring his complaint to us in July 2023 and in August 2023. Furthermore, Mr W's last correspondence in August 2023 states that he would now be referring his complaint to our service.

So, while I agree that Monzo ought to have dealt with this sooner, I'm satisfied that the conversations which took place between the parties demonstrate that Mr W was aware that he was in a position to bring his complaint to our service.

Additionally, though I do appreciate this was a substantial loss to Mr W, the evidence and testimony provided by him to our service doesn't persuade me that the financial or emotional impact of Monzo's delays warrants any additional compensation.

As that's the case, I'm not persuaded that Monzo should pay any further funds to Mr W in relation to their delays and poor service.

### Any other considerations

I'm aware that Mr W has raised concerns regarding Monzo's delays in responding to a data subject access request. This isn't something for our service to consider and so Mr W would need to refer this aspect of his complaint to the relevant authority in order to have it considered further.

### Overall

Taking everything into account, I'm satisfied that Monzo have acted fairly in declining to reimburse Mr W's losses under the CRM Code. I'm also satisfied that this isn't an instance in which Monzo ought to have prevented the payments at the time they were being made or that they could've recovered Mr W's funds. Finally, I believe that the compensation already paid by Monzo in recognition of their delays and poor handling of the situation to be fair.

### **My final decision**

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 September 2025.

Billy Wyatt  
**Ombudsman**