

The complaint

Mr O has complained that Monzo Bank Ltd (“Monzo”) refused to refund money that he says he lost as part of a scam.

What happened

Mr O says he entered into an agreement to purchase a property with a company that I will call B in 2023. Mr O says that B did not buy the property and did not return his funds

Mr O says the following payments were part of the scam;

| Transaction Number | Date | Amount | Type of payment |
|--------------------|-----------------|--------|-----------------|
| 1 | 17 July 2023 | £100 | Faster Payment |
| 2 | 17 July 2023 | £9,900 | Faster Payment |
| 3 | 18 July 2023 | £1,900 | Faster Payment |
| 4 | 31 October 2023 | £1 | Faster Payment |
| 5 | 31 October 2023 | £1 | Faster Payment |

Mr O contacted Monzo and asked it to refund the above transaction. Monzo said that it thought that this was a civil dispute between Mr O and B as there had been many transactions between Mr O and B for two years prior to the transactions.

After referring his complaint to our service, one of our investigators assessed the complaint and she agreed that this appeared to be a civil dispute, and so was unable to find in Mr O’s favour.

Mr O disagreed – so the matter was referred for an ombudsman’s 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 should say that I don’t think Monzo should have intervened during the payments in question as the recipient was an existing payee and Mr O had sent funds to B for years prior to the scam payments.

In relation whether Monzo should refund the payments. Monzo isn’t a signatory to the Contingency Reimbursement Model (“CRM”) Code – which requires a firm to reimburse a customer who have been the victim of an APP scam like this one in all but a limited number of circumstances – but it has agreed to abide by its principles.

I can see that Monzo considered whether the payments Mr O made to the tradesman could be considered under the relevant rules concerning scams. In this instance The Lending Standards Board's voluntary Contingency Reimbursement Model (CRM) Code.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an Authorised Push Payment ("APP") scam. But the CRM Code is quite explicit that it doesn't apply to all payments. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier"

Both Monzo and our investigator felt the payment Mr O made formed part of a civil dispute and, as such, is not covered by the CRM Code. Mr O strongly disagrees. He feels that B has scammed him.

In order to conclude that the payment Mr O made was part of a scam, I'd need to be reasonably satisfied from the available evidence that B was not legitimate and had set out to defraud him from the onset. But I don't think, based on what I know, that I can safely conclude that.

Mr O has sent and received payments from B for two years prior to the disputed payments. This is atypical of a scam. Usually a scammer would take payments and disappear. Rather in this instance it seems as if Mr O and B had a business relationship and B's business failed at the time of the disputed payments. This means I don't consider that B set out from the onset to scam Mr O.

I also can see that B did purchase properties in the past based on companies house records which suggests it was at some point a legitimate company. I note Mr O's comments that the property that he agreed to purchase with B was never purchased and from the very limited chats provided between him and B it does not seem that this was done. But again this does not mean that this was the intention of B from the start.

I understand that Mr O has raised the matter with action fraud. But this does not mean that this was not a civil dispute.

On balance, there is not enough for me to say that there was an intention from the start for Mr O to have been defrauded. Given this and that the situation doesn't display the hallmarks most typically associated with this type of scam, I don't think it was unfair for Monzo to take the view that the situation formed part of a civil dispute.

All things considered, on balance, I'm satisfied the principles CRM Code doesn't apply. And I can't fairly or reasonably ask Monzo to refund the money Mr O has lost, as I don't think Monzo treated Mr O unfairly when it said the payments, he made were not covered by the CRM Code.

Because of these reasons, whilst I sympathise with the position that Mr O is in, I'm unable to say that Monzo has done anything wrong, or has acted unfairly or unreasonably in this matter.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 November 2024.

Charlie Newton
Ombudsman