

## **The complaint**

Mr K is unhappy that Monzo Bank Ltd (“Monzo”) won’t refund him the money he lost after he 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 August 2024, Mr K was looking to hire a vehicle. He saw one that interested him being advertised on a well-known social media platform. Mr K made enquiries and having exchanged messages, he received details of the price and confirmation that the vehicle could be delivered on the same day.

Mr K was told that the hire would be for a period of one month and would cost £1,250, with no deposit and unlimited mileage. Believing everything to be genuine Mr K went ahead and sent £1,250, from his Monzo account, to the account details provided. Mr K was also then asked to pay a £500 deposit, which he sent through an account he held with a different banking provider.

But unfortunately, the vehicle wasn’t delivered to Mr K, and he didn’t receive a refund that had been promised. Mr K had been dealing with fraudsters and had sent his money to an account the fraudsters controlled.

Mr K raised the matter with Monzo which had committed to follow the Lending Standards Board Contingent Reimbursement Model (CRM) Code (although it wasn’t a signatory). The CRM Code required firms to reimburse customers who had been the victims of APP scams like this in all but a limited number of circumstances.

Monzo issued its final response to Mr K on 18 September 2024, not upholding his complaint. In summary it didn’t think it was liable to refund him the money he’d lost. Monzo added that Mr K made no attempt to verify the seller’s authenticity. Monzo tried to recover the money Mr K had sent from the beneficiary bank (the bank to which the payment was made), but unfortunately no funds remained.

Unhappy with Monzo’s response, Mr K then brought his complaint to this service. One of our Investigator’s looked into things and didn’t think the complaint should be upheld. In summary, she thought there was enough going on that Mr K ought to have had some concerns and taken further steps before making the payment. Overall, she thought Monzo was entitled to choose not to reimburse Mr K’s loss.

Mr K didn’t agree with our Investigator’s view. As agreement couldn’t be 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.

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.

To begin with, Monzo has a primary obligation to carry out the payment instructions its customers give it. As a starting point, a customer will therefore be assumed to be liable for payments they have instructed to be made. There is no dispute that Mr K authorised this payment, albeit having been deceived into believing he was sending them for the purpose of obtaining a hire vehicle. On the face of it, he is therefore liable for the resultant losses.

However, of particular relevance here, the CRM Code says that the victim of an APP scam such as this should be reimbursed unless the bank is able to establish that one (or more) of the limited exceptions to reimbursement can be applied.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that\*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning
- 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

*\*Further exceptions outlined in the CRM Code do not apply to this case*

I think Monzo has been able to establish an exception to reimbursement under the terms of the CRM Code.

*Should Monzo have done more to prevent the payment from being made?*

Good industry practice requires that regulated firms such as Monzo engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identifies a risk of a customer falling victim to an APP scam, it is required to provide that customer with an "effective warning".

Monzo has a difficult balance to strike in fulfilling its obligation to process payments in line with its customer's instruction against identifying, and intervening in, potentially fraudulent payments. Monzo has said that a Confirmation of Payee check was carried out (which returned a match) and it provided Mr K with a new payee warning. We now know, with the benefit of hindsight, that Mr K was falling victim to a scam. But, given the value of the payment being made, in the circumstances, I wouldn't reasonably have expected Monzo to have done any more than it did with respect to the provision of warnings.

*Did Mr K have a reasonable basis of belief?*

I've thought about what Mr K has told us happened. Based on everything I've seen and been told; I'm not satisfied Mr K did have a reasonable basis of belief. I think there were a number of concerning factors here that ought to have made Mr K cautious and led him to complete more extensive research before making the payment he did. I say this because;

- Mr K has said that he thought he was dealing with a company. But he was given bank details for a personal account. Mr K wasn't given, nor did he ask for, any evidence that clarified how that individual was linked to the company he thought he was dealing with.
- Open-source research indicates that the price Mr K was quoted for the vehicle he wanted was generous, to the point of being too good to be true. I say that especially, as Mr K was initially told there would be no need for a deposit and the mileage was unlimited, as well as including same day delivery at no extra cost. I can't see that Mr K was provided with an explanation as to how such a good deal was possible.
- I'm also mindful that Mr K was provided with no documentation. I think it's reasonable to expect that when hiring a vehicle there would be, as a minimum, a rental agreement and that Mr K would have received an invoice for the payments he was being asked to make. But none of these things were provided or discussed.
- Alongside this, I also can't see that the rental firm asked Mr K for any of his own credentials or identification. When hiring a vehicle, I think it would be more typical for the customer to be expected to produce their valid driving licence. In the circumstances of this case, I also can't see that there was any discussion regarding the insurance of the vehicle for the hire period.

I might understand, when taken in isolation, how any one of these things may not have prevented Mr K from proceeding. But when taken collectively I think there were sufficient unusual factors here that Mr K ought to have acted far more cautiously than he did, but rather he appears to have taken things at face value. I'm satisfied, therefore, that on balance Mr K didn't have a reasonable basis for believing he was making a payment for a legitimate service.

Finally, I've considered whether Monzo did all it could to try and recover the money Mr K lost once he had reported the scam to it. From the evidence I've seen, I'm satisfied Monzo did what it could to try and recover the money from the beneficiary bank, but unfortunately it was unable to recover all of the money that had been paid. So, I think Monzo has done what could reasonably have been expected of it to try to recover the money.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Mr K. I have a great deal of sympathy for him being the victim of what was clearly a cruel scam, and I am sorry that he has lost money in this way. But in the circumstances, for the reasons explained, it wouldn't be fair or reasonable for me to order Monzo to refund Mr K the money he has sadly lost.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 July 2025.

Stephen Wise  
**Ombudsman**