

Complaint

Mr M is unhappy that Monzo Bank Ltd didn't reimburse him after he told it he'd fallen victim to a scam.

Background

In 2023, Mr M was in the midst of an episode of severe mental ill health. He came across a website on which a man offering his services claimed to be a clairvoyant. He claimed he possessed spiritual gifts which he could use to help Mr M. Mr M made several payments purportedly to support this individual who had promised to help him. In total, he sent a little under £15,000 over a period of less than two months. I can see that he borrowed much of this money from other businesses in order to be able to pay for these services.

Mr M later confided in someone else that he'd been in contact with this individual and they told him they thought it was a scam. Mr M agreed and so he notified Monzo. It looked into things, but it didn't agree to refund his losses. Mr M wasn't happy with that and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. The Investigator said that Mr M hadn't fallen victim to a scam. This was a private civil dispute between him and the individual he'd spoken to online.

Mr M disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. It's common ground that these payments were authorised by Mr M and so he is presumed liable for them at first instance.

Monzo has agreed to follow the terms of the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code"). However, these payments were made to non-UK accounts and so aren't covered by its provisions. However, that isn't the end of the story. Good industry practice required that Monzo be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

However, none of those obligations are relevant if I'm not persuaded that Mr M did fall victim to an authorised push payment (APP) scam. In order for me to make a finding that Mr M was

the victim of an APP scam then I'd need to see sufficient evidence to show that it's more likely than not that:

- The services that were promised to Mr M were not actually performed; and
- that the individual Mr M had contacted had no intention of performing them.

Unfortunately, I can't make such a finding based on the evidence that's been provided to me. I can't see that there was any intention that this service be provided face-to-face or with Mr M being able to observe it being performed. It's impossible for me to know whether the recipient of his funds ever did what he promised to do. It's similarly difficult to make a finding in respect of the intentions of the person he'd contacted.

Mr M's representatives argued that we should consider evidence from the receiving banks to see if that sheds light on whether the service that was promised was performed. I have seen the statements for the accounts that Mr M paid, but I'm afraid they're not particularly enlightening on that point. But then, given the nature of the agreement, I don't find it surprising that there's nothing in those statements to point to whether this service was performed.

Mr M's representatives have also pointed out that the funds weren't paid directly to the clairvoyant. It says that the use of third parties to receive funds in this way is consistent with the way fraudsters are known to operate. That observation is correct, but I'm afraid it doesn't automatically follow that that this means that the payee here was a fraudster.

I have a great deal of sympathy for Mr M and what he's been through here. But, while I know that my decision will be greatly disappointing to him, I'm not persuaded there's strong enough evidence to say that he fell victim to a scam here.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 July 2025.

James Kimmitt
Ombudsman