

The complaint

Mr A complains that Monzo Bank Ltd did not refund him money, which he believes he has lost to 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.

In or around May 2024, Mr A was looking for a property to rent. He found one advertised, that interested him, on a well-known site offering rooms for rent. Mr A contacted the landlord, who I'll refer to as 'O', and then visited the property, before signing a rental agreement and paying a holding deposit and one month's rent. Between 18 May 2024 and 26 May 2024, Mr A sent three payments from his Monzo account, totalling £1,590, to the account details that O provided.

However, Mr A has said that the initial visit to the property was rushed and it wasn't until returning for a second visit, and after he'd made his payments, that he found the property was not as had been described in the advert. Mr A has said the property was advertised as having 3 rooms, with no children – but he found it to have 6 rooms, was not as described and had children living in it. Mr A has added that he has contacted his local council who have confirmed that the deposit was not registered, which breached legal requirements.

Mr A contacted O, in an attempt to terminate the agreement and ask for a refund. But the landlord declined and eventually they stopped replying and blocked him on social media. Mr A added that O had pressured him into making the payments and feels he's been scammed.

Mr A raised a scam claim with Monzo, but it didn't think it was liable to refund the money Mr A had lost. In summary, this was because it believes this to be a civil dispute between Mr A and O.

Unhappy that he hadn't received a refund, Mr A referred his complaint to this service. One of our Investigator's looked into things. They reviewed the payments under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code and did not agree it met the definition of a scam. Instead, they agreed that Monzo had acted correctly when it treated the circumstances as a civil dispute and did not take the claim further.

Mr A disagreed with our Investigator's view. As agreement couldn't be reached, the complaint has been passed over 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having thought very carefully about Monzo's actions, I don't uphold Mr A's complaint. I do appreciate how disappointing this will be for him, and I don't underestimate his strength of feeling, but I don't think I can fairly say Monzo should reimburse him. I'll explain why.

I'm sorry to hear of what's happened to Mr A, and I can understand entirely why he feels so strongly that his money should be returned to him. But not all cases where individuals have lost money are in fact fraudulent.

When considering what is fair and reasonable in this case, I've thought about the Lending Standards Board's voluntary CRM Code which Monzo, while not a signatory, has committed to follow.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. But the CRM Code is quite explicit that it doesn't apply to all push 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"

Subsections (a) and (c) have been omitted as they are not relevant to this complaint.

Both Monzo and our Investigator felt the payments Mr A made formed part of a civil dispute and, as such, were not covered by the CRM Code. Mr A disagrees, he feels O has scammed him.

In order to conclude that the payments Mr A made were part of a scam, I'd need to be reasonably satisfied, from the available evidence, that O set out to defraud him. But I don't think, based on what I know, that I can safely conclude that. I don't doubt that what Mr A received wasn't what he paid for. And it seems quite clear he's been let down by O. But that's not the same as him having been scammed.

I firstly need to consider the purpose of the payments and whether Mr A thought this purpose was legitimate. I'm satisfied he did; he's explained he believed the payments he was making were towards renting a room. Then I need to consider the purpose the recipient (O) had in mind, at the time of the payment, and whether this was broadly in line with what Mr A understood to be the purpose of the payment.

Here, before making his payments, Mr A visited the property, saw the room he was looking to rent and signed a rental agreement. He received the keys for the room and, if he had chosen to, he could have moved into the room – so I'm persuaded the purpose O had in mind for receiving the payments was in line with what Mr A believed the payment to be for. As I've said above, the CRM Code doesn't cover situations where a consumer is dissatisfied with the supplier.

There may have been a number of reasons why O might not have provided what was promised. O has claimed it was an error on the 'advertisers' part which led to the property being described as having 3 rooms, rather than 6. Whether that is true or not - unfortunately, situations do arise where retailers/merchants/suppliers can operate poorly, or be so chaotically mismanaged to the point where agreed services or goods aren't provided at all or aren't provided to a customer's satisfaction. But that doesn't necessarily amount to evidence of an intent to defraud.

Mr A thinks that the contractual terms entitle him to a refund, alongside this he's said he has rights under the Consumer Credit Act. It's possible the room Mr A paid for may have been misrepresented to Mr A by O - however I don't think there are grounds to expect Monzo to meet any consumer-related obligations that would exist if, for example, Mr A had used a credit card to pay.

I'm also mindful here that O has, at least to a degree, still been contactable and O has expressed their disagreement to Mr A's version of events and they do not agree that Mr A should get a refund. I can also see that O has entered into discussions with Mr A about the return of the keys. It is not typically the case for fraudsters to stay in any contact with their victims. More often than not, once in receipt of a victim's money, they will no longer be contactable, so what is happening here does not carry the typical hallmarks of a scam.

As well as this, Mr A has shared some of the advice he received from his local council, who have indicated he may be able to take O to court, to try and recover his deposit. which I'm persuaded also supports that this is a civil and contractual dispute between two parties, about the quality of goods/services. Which is specifically excluded under the CRM Code.

After taking everything into careful consideration, so the testimony and evidence provided by both parties, on balance, I can't safely conclude what has happened here meets the high legal threshold and burden of proof for fraud. This being the case I'm satisfied the CRM Code doesn't apply. And I can't ask Monzo to refund Mr A the money he paid to O, as I don't think Monzo treated Mr A unfairly when it said the payments he made were not covered by the CRM Code.

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 A to accept or reject my decision before 10 July 2025.

Stephen Wise
Ombudsman