

The complaint

Mrs A is unhappy that Monzo Bank Ltd won't refund the money she's lost to a scam.

What's happened?

Mrs A has fallen victim to an employment scam. She says she spoke to a representative of a business I'll refer to as 'S', and they told her she could earn money by purchasing products to boost sales ratings.

She opened an account with Monzo for the purposes of her role on 7 September 2023, and made the following payments to 7 different payees:

Date of payment	Time of payment	Amount of payment
7 September 2023	19:00	£340
7 September 2023	19:16	£20
8 September 2023	17:08	£228
8 September 2023	17:10	£200
12 September 2023	10:14	£228
12 September 2023	10:34	£200
12 September 2023	10:44	£223
12 September 2023	10:58	£200

Mrs A's Monzo account was then frozen until after she'd realised she'd fallen victim to a scam.

Mrs A raised a fraud claim with Monzo on 14 September 2023. Monzo couldn't recover Mrs A's money from the receiving accounts, and it declined to reimburse her under the Lending Standards Board's Contingent Reimbursement Model ('CRM Code') because it said she didn't do enough to check who she was paying, and what for.

Mrs A raised a complaint against Monzo with our Service. She said she did as much as she possibly could to protect herself from financial harm. The scammer showed her that other people had earned commission in the same employment opportunity, and she received some money back from her first two challenges. Additionally, S is registered on Companies House ('CH'), with an address and a company director.

Mrs A has said that Monzo took more than a month to deal with her fraud claim and wasn't very responsive.

Monzo has said that it dealt with Mrs A's fraud claim within the relevant timeframes, but its customer service wasn't as good as it ought to have been and it has paid Mrs A £50 to compensate her.

What did our investigator say?

Our investigator thought that Monzo should refund some of the money Mrs A lost to the scam, along with interest. Monzo didn't agree, so the case was passed to me to decide.

My provisional decision

I issued my provisional decision on 18 November 2024. I'll set out my findings below.

Monzo isn't yet a signatory of the CRM Code, but it's allowed us to apply the Code's principles to complaints we consider against it which meet the relevant criteria.

The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Mrs A has fallen victim to, in all but a limited number of circumstances. Monzo has argued that one of the exceptions applies in this case. It says that Mrs A made the disputed payments without a reasonable basis for belief that the payee was the person she was expecting to pay, the payments were for genuine goods or services and/or the business or person she was transacting with was legitimate.

In thinking about whether Mrs A had a reasonable basis for belief, I've considered what steps she took to reassure herself about the legitimacy of the transactions, and whether it was reasonable for her to proceed with the payments. I've noted that:

- There is a business registered on CH in the name of S. But Mrs A does not appear to have carried out any checks to verify that the CH registered business is legitimate and/or that the person she was speaking to works for the CH registered business.
- Mrs A does not appear to have attempted to independently verify that other people had earned commission in the same employment opportunity.
- Mrs A was not interviewed for the role, and she wasn't provided with any documentation, such as an employment contract, to show what was agreed between the parties.
- Mrs A was told she would *"get a commission profit of 20-50% of the product price that you pay"*. I think the promised earnings for completing basic tasks are unrealistic and too good to be true.
- The requirement of paying money over in order to earn money is unusual, and I haven't seen a persuasive explanation for the need to pay money into individual's accounts as Mrs A did.
- Mrs A's communication with S shows that she was suspicious about the employment opportunity but proceeded regardless – she said: *"is this genuine?"* and *"ok and you're sure this is not a scam?"*

Overall, I don't think I can reasonably conclude that Mrs A had a reasonable basis for belief on this occasion. I acknowledge that Mrs A received some low-value 'earnings'. But I think there are several concerning factors here, and Mrs A seems to have realised the employment opportunity could be a scam, but she paid money over anyway without completing further independent checks, and I don't think that was reasonable. So, I'm not persuaded that Monzo should have reimbursed Mrs A's loss because of any obligation under the CRM Code.

Mrs A's account was newly opened, so there wasn't any transactional data to guide Monzo in regards to usual activity. The payments were low-value and occurred over a 5-day period, with a 4-day break in activity at one point. They did not increase exponentially (as is often the case with fraud), and there's nothing obviously suspicious about the payment destinations. The payments went to 7 different payees, but I don't think that, in itself, is enough to have caused Monzo concern.

Having considered what Monzo knew about Mrs A and the disputed payments at the relevant time, I'm not persuaded that its fraud detection systems ought to have identified a fraud risk, or that the bank ought to have taken any further action to prevent the scam.

I've seen that Monzo took steps to recover Mrs A's funds when she raised a fraud claim with it, but no funds remained in the beneficiary accounts to recover. That's not surprising given that the final disputed payment was made 2-days prior to Mrs A's fraud claim.

I'm satisfied that Mrs A's fraud claim was answered within the time allowed and that Monzo's payment of £50 to compensate Mrs A for its lack of responsiveness at times is fair and reasonable.

Responses to my provisional decision

Mrs A urged me to reconsider my decision. In summary, she said:

- S was registered on government and CH websites, and she reasonably relied on that. She had no concerns about S' legitimacy.
- The CRM Code recognises that individuals may rely on information provided by fraudsters who deliberately construct schemes to appear legitimate.
- There was no way for her to independently verify that other people had earned commission in the same employment opportunity.
- The initial returns she received reinforced the appearance of legitimacy.
- Many legitimate roles are informal and do not follow traditional hiring processes or provide employment contracts.
- She believed that the promised earnings were plausible at the time.
- It's not uncommon to pay money over in order to earn money in commission-based or sales roles.
- She expressed caution before proceeding with the payments, which is not the same as acting negligently. She received assurances from the scammer that seemed credible at the time.
- The payments she made were consistent with fraud patterns. Monzo should have intervened.
- Monzo delayed responding to her fraud claim and, if it hadn't, more of her funds might have been recovered.

Monzo did not reply to my provisional 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 appreciate that Mrs A doesn't agree with my provisional decision but, in responding, she hasn't provided any new information or evidence that I haven't already considered. As such, I see no reason to depart from the conclusions set out in my provisional decision.

Taking everything into account – including that Mrs A did not verify the person she was speaking to worked for the CH registered business, the promised earnings were too good to be true, no convincing reasons were provided for needing to pay money into individual's accounts as Mrs A did, and Mrs A's suspicions were alleviated for no persuasive reason – I'm not satisfied that she had a reasonable basis for belief on this occasion.

I remain satisfied that:

- It's reasonable for Monzo's fraud detection systems not to have identified a fraud risk.
- Monzo answered Mrs A's fraud claim within the time allowed and made reasonable attempts to recover her funds.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 2 January 2025.

Kyley Hanson
Ombudsman