

The complaint

Miss K complains that Monzo Bank Ltd hasn't reimbursed her under the Contingent Reimbursement Model ("CRM") code for payments she made due to a romance scam.

What happened

Miss K met someone online I'll call 'Z' and from January 2023 was persuaded to send them funds. She's explained the funds were for Z's everyday expenses, but they promised to pay her back. Later Z requested more funds, saying they needed these to be able to pay her back. Miss K believed she was in a genuine relationship with Z and they would meet and have a life together, so sent them money on that basis. However, Z then became threatening and aggressive and kept demanding more money.

In March 2023, Miss K reported Z and the situation to Monzo and the Police. Miss K however withdrew her allegations in April 2023. In July 2023, she contacted Monzo again and reported the same payments as before and also payments from April 2023 until June 2023. She explained she'd been forced by Z to withdraw her claim and the situation had continued. Monzo didn't refund her any money and didn't respond to her subsequent complaint at this time.

Miss K came to our service and Monzo made an offer to reimburse her all the payments made for Z's benefit from January to March 2023 under the CRM code (or "the Code"). It also agreed to pay 8% simple interest per year on this amount from the date of the payments to the date it settles the case. But it didn't agree to reimburse the second set of payments. Miss K didn't accept this offer and our Investigator upheld her complaint.

Monzo asked for a decision and I contacted Miss K's representative and set out why I considered the offer was fair in this case. They disagreed, so I'm now issuing a decision on the complaint.

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 broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair or reasonable for the bank to reimburse the customer even though they authorised the payment.

Whilst Monzo isn't a signatory of the CRM code, it has committed to apply the principles of the Code to payments its customers made after the Code took effect. The Code requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But the CRM code doesn't apply to all APP payments which ultimately result in a loss for the customer. It only covers situations where the payment meets its definition of an APP scam.

The relevant definition for this case is DS1(2)(a)(ii):

The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.

On 24 March 2023, Miss K reported to Monzo she'd been the victim of a romance scam. She explained she'd made faster payments to Z and someone close to them as part of what she believed was a genuine relationship. She shared some of the threatening messages she'd been receiving from Z and explained she had sent the funds on the understanding they would be returned. When she realised she'd been scammed, she spoke to the Police and an investigation started into Z and their accounts.

Monzo has now offered to reimburse Miss K all the payments she made as a result of this scam up until this time. It accepts at this time she was under the spell of a scam and sent the funds for what she believed were legitimate reasons. I have reviewed this offer and I consider it fair and in line with what I would've awarded for these payments.

However, in April 2023, after reporting the scam, Miss K withdrew this claim and then went on to send funds to Z for a further three months. Monzo has not agreed to reimburse her for any of these payments.

Miss K has explained she was reconvinced by Z that they were in a genuine relationship, so that's why she started to send them money again – via other people's accounts. But she has also said that she was threatened by them and that she withdrew the scam claim because she was scared.

What I have to decide is whether the payments made from 6 April 2023 are, first, also covered by the CRM code. And second, if they are, whether Monzo also needs to reimburse them.

This has been a challenging case to decide and from reading the messages Miss K has shared, it's clear she has been through a very traumatic and difficult experience. I don't doubt that she was genuinely afraid for her safety and that she was heavily manipulated by Z over the months she spoke to them, resulting in her losses here.

However, I must look at the definitions set out within the Code and can only direct Monzo to reimburse her if her payments meet the definition of an APP scam. And in this case, I can't agree that the second set of payments (April 2023 onwards) do. I'll explain why.

I've carefully reviewed all the information Miss K has shared with our Service and Monzo. As above, I don't doubt that Miss K was manipulated into sending funds – but this isn't enough to meet the required definition. She needs to have been manipulated to believe the reason she was sending the money was legitimate – and I can't say she was *after* she reported the scam in March 2023.

The consistent theme throughout Miss K's testimony is the threat she perceived from Z. When asked why she cancelled her initial claim with Monzo, Miss K said she feared for her life and had no other choice. She's shared the multiple threats of violence she received; how Z blamed her for not being able to afford things, as her claim led to their account closure; and explained when she refused to send money, they would then also threaten to harm themselves.

While I fully accept Z was coercing Miss K to send them money, I haven't been able to establish the "*legitimate purpose*" behind the payments. If a person is coerced into sending a payment under threat or due to blackmail, the payment is not being made for a legitimate purpose.

Later in our investigation, when asked about the payments from April 2023, Miss K said Z was gaslighting her after she reported the scam and she became convinced they were never a scammer. So she had legitimate belief in the relationship again. And she explained Z only stopped contacting her when she ran out of money. But as above, the CRM code applies to Miss K's purpose for making the payments.

Miss K reported the scam on 24 March 2023, closed the claim on 3 April 2023 and began sending funds again on 5 April 2023. So there is therefore a fairly small window between her realising she was a victim and Z wasn't genuine and then her starting to send money again. And while Miss K may have believed she was genuinely in a relationship with Z again, her overall testimony has consistently been that she withdrew the claim *and* the payments in question were made due to Z's threats. Even in their most recent correspondence, her representative has set out how she was manipulated and threatened by Z after reporting the initial scam, so that's why she kept making payments. So I can't say Miss K's payments were for legitimate purposes under the CRM code.

I have thought carefully about the facts of this case as I recognise the Code was designed to reimburse scam victims and I recognise that the characteristics of this case are in line with what someone might describe as a "scam". But I can't agree that they meet the required definition of an APP scam under the CRM code.

I've then considered whether there was a failure by Monzo more generally in its duty to protect Miss K from an identifiable risk of financial harm from fraud. And if so, if this caused Miss K's losses. I'm required to make this decision based on the balance of probabilities; that is, what I find is more likely than not to have happened. I've carefully considered all of the available evidence. But having done so, it is difficult to say that – even if Monzo ought to have intervened – any intervention would've made a difference here.

Miss K, on the instruction of Z, was paying a number of different people, generally with lower payment values and this was over a period of several months. So the payments for the second part of this scam do look different to the first part. And Miss K had withdrawn her claim about Z. Miss K has explained to us that due to the threats and what happened the first time she reported Z, she was afraid to speak to anyone again. She believed Z would find out if she had and has explained the daily harassment she received from Z, which is why she went along with what they said and also why she closed the initial scam claim.

I accept that Miss K was in an incredibly difficult and frightening situation, but it's therefore difficult to see how Monzo could've prevented her losses when she made the second set of payments. From what I've seen it seems that Miss K was making these payments to protect herself and Z (as they threatened to harm themselves). I consider it more likely than not that Miss K therefore wouldn't have been open and honest with Monzo about the true purpose for the payments, or shared that was she involved with Z again, if it had asked her.

I recognise that Miss K has been the victim of a traumatic ordeal and I'm sorry to hear what has happened to her. But I can't fairly uphold her complaint in full and award more than what Monzo has offered. I don't consider her payments from April 2023 meet the definition required under the CRM code and I'm not satisfied that there has been a bank error in this case. This is not to say that Miss K hasn't been a victim of an awful crime - just simply that I don't think I can hold the bank accountable for the payments from April 2023 onwards.

Putting things right

I direct Monzo to reimburse Miss K all the payments made to this scam from 7 January to 20 March 2023 (totalling £4,598.50). It should pay 8% simple interest on this amount from the date of each payment to the date of settlement, in line with the offer made through our service.

My final decision

For the reasons set out above, I partially uphold Miss K's complaint and direct Monzo Bank Ltd to pay Miss K the redress set out above, within 28 days of her acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 20 February 2025.

Amy Osborne
Ombudsman