

## The complaint

Mr W complains that Monzo Bank Ltd (“Monzo”) didn’t do enough to protect him when he fell victim to a scam and hasn’t reimbursed him for his losses.

## What happened

The details of this complaint are well known to both parties, so I won’t repeat them in full here. Instead, I’ll summarise what happened and focus on giving the reasons for my decision.

Mr W paid £4,536.50 in March 2024 to a company I’ll call “H” as a 50% deposit for some building work to be done in his home. But, just prior to the work commencing, H said it needed to delay the work by two weeks. As this wasn’t convenient for Mr W, H said it would refund him, but the refund was never issued. With the building work not completed (or started) and without his money being returned to him, Mr W believes he’s been the victim of a scam. He contacted Monzo about this and ultimately logged a complaint with it.

Monzo considered Mr W’s complaint, but it didn’t agree to reimburse him. While not a signatory to the Contingent Reimbursement Model (“CRM”) Code, it assessed the claim against the criteria outlined in it. But it didn’t agree this was a scam, as defined by the Code. It believes that Mr W paid a legitimate supplier but didn’t receive what he’d paid for, so considers this to be a civil dispute. And Monzo didn’t think that it acted in error in allowing the payment to be made, as it didn’t think it was out of character for Mr W.

Unhappy with this, Mr W complained to our Service. Our investigator considered the complaint but didn’t uphold it. She said, in summary, that there wasn’t enough evidence to say that H had set out to scam Mr W. And so it didn’t meet the definition of a scam under the CRM Code.

As Mr W didn’t agree, the complaint has been passed to me to decide.

## 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, I’m required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The starting position is that Mr W would generally be considered liable for authorised payments. It’s accepted that Mr W authorised the payment in dispute and is therefore liable for it in the first instance. However, under the CRM Code, firms are expected to reimburse customers who fall victim to authorised push payment (“APP”) scams, subject to a number of exceptions. Monzo, while not a signatory to the CRM Code, has agreed to assess claims against the criteria set out within it.

However, the CRM Code is only relevant if I'm persuaded Mr W did fall victim to an APP scam. The CRM Code specifically excludes certain types of disputes. It says:

*"DS2(2) The 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..."*

So, taking into consideration the above, I must first decide whether Mr W has likely been the victim of an APP scam or not. To do so, I need to consider the definition of an APP scam, as defined in the code:

*"DS1(2)*

*(a) APP SCAM*

*Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, where:*

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

I'm satisfied that Mr W paid the person he was intending to pay. So I must next consider the purpose of the payment and whether Mr W thought this purpose was legitimate. I'm satisfied he did – he believed he was making the payment as a 50% deposit for building work.

My next consideration is the purpose the recipient, H, had in mind at the time of the payment, and whether this was broadly in line with what Mr W understood to be the purpose of the payment.

In the circumstances of this case, having reviewed all the testimony, information and evidence provided by both parties, I can't fairly and reasonably conclude that it was more likely than not that H set out with intent to defraud Mr W. I haven't seen enough to persuade me that the intentions and purpose of the payment don't match here. I say this because Mr W intended for work to be done, and it would appear that H intended on fulfilling that purpose by carrying out the works, until it was let down by one of its teams. I can't know for sure what H's intentions were at the time the deposit payment was received. So I must infer what its intentions were, based on the available evidence.

Looking at the communication between Mr W and H, which commenced on 17 March 2024, I note that there were discussions about what time H could send someone round to 'check for the relocation' of the boiler, which was required as part of the works. They agreed a date and time for this, and it seemingly went ahead several days later. A further few days later, H said it would be producing a quotation for the work, and asked Mr W about the measurement of an item that would be needed. Mr W queried this as it seemed particularly small, and a larger measurement was agreed between the two. Following further discussions around some additional work Mr W might also need, he made the payment on 29 March 2024 for 50% of the total amount payable.

Based on the communication I've seen, it seems that H went into more detail than I'd have

expected if it had never intended to carry out the work, including sending an individual round to Mr W's house. I also note that, having received the funds, the communication continued and was quite regular right up until 21 April 2024 when H said it would need to delay the work.

I also note that in the discussions post-payment, there was mention of £800 for the labour costs involved in some additional work. When Mr W queried when this would need to be paid, H said it could be paid upon completion. If the intention was simply to obtain money from Mr W without ever intending to complete work, it seems unlikely that H would have readily agreed for money to be paid upon completion of work. Scammers usually try to obtain as much money as possible before the individual realises they've fallen victim to a scam and have lost their money.

So, looking at the communication and actions of H, I'm not persuaded that it's indicative of an intention to defraud. I say this because of the combination of sending someone to the property, discussing the works required in some level of detail and with suggestion of a degree of knowledge around the matter, communicating over an extended period and the agreement for payment of additional work to be made on completion.

In addition to this, I note that H appeared on Companies House and was a registered company at the time. It also appeared on one or more introducer websites and, based on what's been said, had generally positive reviews.

I've carefully considered the points raised by Mr W. He raised some issues around the registered addresses for H. I acknowledge this, in that there don't appear to have been offices linked to H at these addresses from what I've seen. But it would be speculative for me to draw any conclusions from this, and I don't consider it to be persuasive evidence of an intention to defraud.

I also note that the company had only recently been incorporated but, again, this doesn't indicate an intention to defraud. H may have set out to complete the work and subsequently it may also have intended to provide the refund, but the business could have failed sometime after receipt of the payment.

Mr W has said that not measuring up for the work would have made it impossible to order the required materials. He said H didn't take any measurements. But there was mention of the wrong measurements being given by the surveyor to the person Mr W was speaking with in the messages I've seen. So it does appear, from the communication I've seen, that measurements were taken at some point, even if Mr W hadn't seen that.

Finally, Mr W has drawn our attention to the fact that H hasn't issued a refund. It appears that there was a break down in the relationship between Mr W and H around this, with Mr W having written a negative review which was the reason H gave for delaying the refund initially. The two parties reached a stalemate over this as Mr W wouldn't remove the review without a refund and H wouldn't issue a refund while the review removed. While this sounds like poor business practice, I must reiterate here that the definition under the Code for an APP scam requires the funds to have been transferred for fraudulent purposes. And a breakdown of a relationship later down the line isn't indicative of an intention to defraud at the outset.

Having considered all the evidence, though I may not have commented on every point raised, I'm not persuaded that the loss here meets the definition of an APP scam. Instead, it appears to be a private civil dispute. And, on that basis, it's excluded from reimbursement under the CRM Code.

For completeness, I've thought about whether Monzo ought to have done more at the time the payment was made, given the size of the payment. I note that it didn't consider the payment to be particularly out of character. But, even if it had stopped the payment and asked questions about the payment purpose, I think he would have continued with the payment. This is because Mr W believed he was paying a legitimate business which had positive reviews at the time. So I don't think Monzo could reasonably have been expected to prevent Mr W from making this payment.

So, while I'm sorry Mr W has lost money, I don't consider there to be sufficient evidence to conclude that H set out to defraud him when he made the payment. And, as a result, I can't fairly ask Monzo to reimburse him on the basis of the criteria of the CRM Code. And I don't consider that Monzo was wrong to process the payment initially.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 September 2025.

Melanie van der Waals  
**Ombudsman**