

The complaint

Mr O complains that Monzo Bank Ltd ('Monzo') won't reimburse the money he lost when he fell victim to a scam.

What happened

Mr O says that he and his partner were in the process of buying and selling a property and had appointed a firm of solicitors. He communicated with his solicitor by email and occasionally by phone. Without his knowledge a fraudster impersonated his solicitor and sent emails asking for funds to be paid into an account which was in the name of a company (unrelated to the name of the firm of solicitors Mr O had engaged). On 1 May 2024 Mr O paid the company £85,000.

Mr O was away on business when he made the payment. A colleague of his asked about his house sale and he explained he had just made a large payment. Mr O's colleague mentioned someone had been scammed when making such a payment which prompted Mr O to call his genuine solicitor. At this point the scam was uncovered. He contacted Monzo to try to stop the payment and to report the scam on 1 May 2024.

Monzo didn't agree to reimburse Mr O's loss. It said he didn't take enough steps to check who he was paying and what for.

Mr O was unhappy with Monzo's response and brought a complaint to this service. Mr O says Monzo failed to protect him when the payment was made. He was able to purchase the house but had to get a mortgage for a greater amount and has suffered a lot of stress.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in full (after deducting recovered funds). She said that Monzo couldn't fairly rely on an exception to reimbursement under the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code') so should reimburse Mr O in full. The investigator also said that Monzo should have recognised that the scam payment was unusual and out of character and intervened when it was made. Had it done so, the scam would have been uncovered and Mr O's loss prevented. Finally, the investigator said that Monzo didn't act as promptly as it should to recover Mr O's funds.

Monzo didn't agree with the investigator's findings, so Mr O's complaint has been passed to me to decide. In summary, it said:

- Mr O ignored multiple effective warnings from his genuine solicitor. Each genuine email included information about scam prevention.
- Mr O made the payment without checking the details provided in person or in a call.

After reviewing all the evidence, I felt that Monzo should reimburse Mr O in full and contacted Monzo to explain why. In response, Monzo offered to reimburse 50% of Mr O's loss. It said that it should have done more when the payment was made but Mr O missed obvious red flags, like formatting and grammatical errors in the fake emails, which also included excuses as to why calls couldn't be made, and requesting funds in smaller chunks rather than one larger payment. Monzo also referred to the warning displayed in emails from Mr O's genuine solicitor about fraud prevention.

Mr O didn't accept Monzo's offer so I am now issuing a final 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.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Mr O under the provisions of the CRM Code (which Monzo hasn't signed up to but has agreed to follow) and whether it ought to have done more to protect him from the possibility of financial harm from fraud.

I'm really sorry to hear that Mr O has lost money in a cruel scam. There's no dispute that he was tricked into making the payments. But this isn't enough for him to receive a refund of the money under the CRM Code.

The CRM Code requires firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances. Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning.

There are other exclusions in the CRM Code that aren't relevant here.

I'm satisfied that Mr O had a reasonable basis for believing the payee was the person he was expecting to pay and that no other exception to reimbursement applies. I have set out below my reasoning.

Mr O received fake emails impersonating his solicitor. The emails looked the same as genuine emails and included a disclaimer and genuine contact details. The only difference was that the early scam emails included an additional letter in the email address and none of the fake emails displayed the cyber crime prevention warning that was in genuine emails. The fake emails were written in a similar way to genuine emails and included conveyancing details as well as payment requests.

Monzo has said that Mr O should have noticed that the fake emails contained formatting and grammatical errors. Whilst I accept there were some formatting issues in the fake emails, I'm persuaded they weren't so different to genuine emails that Mr O ought reasonably to have identified the differences. Some genuine emails weren't written particularly well, so the fake emails were consistent. For example, on 8 March 2024, Mr O's genuine solicitor said, "...as mention [sic] I need some details from your partner".

It's clear that when Mr O responded to fake emails he used the 'reply' button rather than creating a new email. I think it's understandable that he didn't notice an additional letter in some of the fake email addresses. And whilst the fake emails advised Mr O to respond by email and genuine emails didn't, I don't think Mr O's failure to spot this means an exception to reimbursement can fairly be applied. In any event, most of Mr O's contact with his genuine solicitor was by email.

Monzo has placed a lot of weight on the warning Mr O's genuine solicitor provided at the end of each of their emails. This warning provided information about ensuring that a client checks payment details. For obvious reasons, the scammer(s) didn't include this information in the fake emails sent to Mr O. So, at the time the warning was relevant, Mr O didn't see it. Added to this, Monzo didn't ask Mr O the reason for the payment or provide a warning that ought

reasonably to have led him to take additional steps to protect himself before making it. Mr O wasn't an expert in fraud and scams and hadn't bought a house for many years. In the circumstances, I can't say he acted unreasonably.

The scammers asked Mr O to make payments in chunks to a trust account in advance of completion. Mr O asked questions and was advised that it would save time if he made payments in accordance with his daily transfer limit. Whilst I recognise that someone with expert knowledge would identify this as a red flag, in accordance with the CRM Code, I need to take into account all the circumstances here. Mr O was away on business and wanted to ensure the purchase went ahead. He had no expert knowledge, which is borne out by an email response he sent to the scammer on 19 April 2024 which said, "We are not experienced house buyers or sellers".

The account Mr O paid wasn't in the name of the firm of solicitors he was using. But the scammer gave Mr O an explanation for this. Mr O was told it was a 'trust account', which he felt was a reasonable explanation. He got a confirmation of payee match result when the payment was made. Again, without expert knowledge or a warning covering impersonation scams, I can understand why Mr O was confident to make the payment.

I've considered whether Monzo can fairly rely on any other exceptions to reimbursement, but I don't think it can. Monzo didn't provide Mr O with an effective warning, so it follows that he didn't ignore such a warning. Under the provisions of the CRM Code, if Monzo can't fairly rely on an exception to reimbursement Mr O is entitled to a full refund.

I've gone on to consider Monzo's wider obligations to look out for unusual and out of character transactions. There can be no doubt that a payment of £85,000 was so out of character that Monzo ought to have intervened and asked Mr O some questions before processing it. I'm not persuaded that the very general new payee warning provided by Monzo was a proportionate response to the risk posed. I'm satisfied that had Monzo intervened appropriately, Mr O would have been open about the reason for the payment and the advice Monzo should have given would have led to the scam being uncovered.

As I consider Monzo should have prevented the payment I am awarding interest from the date of loss.

I agree with the investigator that Monzo didn't take appropriate steps to recover Mr O's funds as promptly as it should. Given that I have concluded Monzo should reimburse Mr O's full loss (after deducting those funds it successfully recovered), I see no merit in considering recovery further.

Overall, I don't think Monzo can fairly reject Mr O's claim.

My final decision

For the reasons stated I uphold this complaint and require Monzo Bank Ltd to:

- Pay Mr O £84,839.90 (£85,000 less recovered funds of £160.10); and
- Pay interest on the above amount at the rate of 8% simple per year from the date of the transaction to the date of settlement.

If Monzo Bank Ltd is legally required to deduct tax from the interest it should send Mr O a tax deduction certificate so he can claim it back from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 June 2025.

Jay Hadfield
Ombudsman