

The complaint

Miss A complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost as a result of an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

Miss A was looking to purchase a vehicle and saw one on the marketplace of a well-known social media website. She contacted the seller (whom she thought was an independent car dealership – which I'll call Company L) through phone and email. The price of the vehicle was £4,775 and it was to be delivered for £130. Miss A also had to pay £100 for 'registration documents'. In total, the invoice set out the cost as £5,005.

On 14 November 2022 Miss A, believing everything to be genuine, made a payment for £5,000 to the account details she was given which she believed was the 'transaction manager' of Company L.

Unfortunately, the vehicle didn't arrive as promised, and Miss A realised she'd been scammed.

Miss A raised the matter with Monzo on 24 November 2022. This wasn't acted on by Monzo. Miss A resubmitted the claim again on 23 December 2022. Monzo tried to recover Miss A's money from the beneficiary bank (the bank to which the money was sent), but unfortunately no funds remained and it informed Miss A of this on 18 January 2023. Monzo also declined her fraud claim on 23 January 2023 advising it didn't consider Miss A had taken enough steps to check who she was paying and what for.

Miss A then raised a formal complaint. Monzo is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) but has agreed to adhere to the provisions of it. This means Monzo has made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Monzo investigated Miss A's fraud claim but concluded it had no responsibility to refund her loss. In summary it explained it carried out the instruction to make the payment, and didn't consider it had breached its 'duty of care' to Miss A. It also (incorrectly) advised Miss A wouldn't be entitled to a refund under the CRM Code as she had made the payment to an account in her own name.

Unhappy with Monzo's response, Miss A brought her complaint to this service and one of our Investigator's looked into things. Our Investigator thought the complaint should be upheld in part. In summary, he didn't think Monzo had met its standards as a Firm under the CRM Code as it hadn't provided an 'Effective Warning' at the time Miss A made the payment – and they consider it ought to have done. So, our Investigator thought Monzo was, at least in part, responsible for the loss Miss A had suffered.

But our Investigator also considered that Miss A should share some responsibility for her loss. He said this because he didn't think Miss A had a reasonable basis for believing the vehicle she thought she was purchasing, was genuine as he considered the price of the vehicle was too good to be true. So, our Investigator thought both parties should share some responsibility for the loss, and Monzo should refund 50% of Miss A's loss. The Investigator also considered that the payment for £5,000 was unusual for Miss A's account and Monzo ought to have intervened on the payment and had it done its likely the scam would have been prevented.

So, the Investigator considered that Monzo should refund 50% of the loss along with 8% simple interest on that amount from the date of the payment until the date of settlement. The Investigator also initially considered Monzo should pay Miss A £100 as compensation – but then he subsequently revisited that aspect and didn't feel £100 was appropriate in the circumstances.

Miss A accepted the Investigators findings, agreeing that refund of 50% of the loss was fair. Monzo disagreed. In short it considered that as part of the warning Miss A received, she was advised that it might be a scam if “...*the offer sounds too good to be true*”. It also remained of the opinion that the payment didn't warrant an effective warning or any further intervention as it didn't detect a scam risk as the payment wasn't out of character or unusual for Miss A.

As agreement couldn't be reached the complaint has been passed to me for 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.

There's no dispute that Miss A authorised the payment that is the subject of this complaint, even though she did so as a result of being deceived by fraudsters. Broadly speaking, under the account terms and conditions and the Payment Service Regulations 2017, she would normally be liable for those payments. But that isn't the end of the story.

Where a customer has been the victim of a scam it may be appropriate for a firm to reimburse the customer, even though payments have been properly authorised. Of particular relevance to the question of what is fair and reasonable in this case is the CRM Code.

The CRM Code allows Monzo to decline reimbursement if it can demonstrate (as far as is relevant to this complaint) that Miss A:

- ignored what the CRM Code refers to as an “Effective Warning” by failing to take appropriate action in response to such an effective warning.
- 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.

I think that Monzo can rely on the second exception to reimbursement. This is because the price of the vehicle here, wasn't just a little lower than she might have found elsewhere but was nearly 50% of the market value. Comparable equivalents – so the same make and model vehicle with the same specifications but with considerably higher mileage, are listed at around £10,000 at today's value. Overall, I question why a legitimate car dealership, presumably in business to make a profit, would sell at such a discounted price when the same make and model vehicles were selling for considerably more on the market. It doesn't appear that Miss A asked any questions about why the price was so low. And she hadn't

seen the vehicle in person which given the price the vehicle was being offered for was a reasonable thing to do to ensure the vehicle existed or that there wasn't anything wrong with it. I also consider Miss A should have been concerned that she was paying into a personal account and not to the dealership she was liaising with.

Overall, I think there were some warning signs here, and Miss A needed to approach the purchase with considerable caution to ensure that the vehicle actually existed and that she was dealing with a legitimate seller.

So, I think Monzo can fairly rely on one of the exceptions to reimbursement – that Miss A made the payment without a reasonable basis for believing that the seller was legitimate.

But Monzo, under the CRM Code, should take appropriate action to identify customers and payment authorisations that run a higher risk of being associated with an APP scam (SF1(1)).

Monzo says it provided a 'new payee' warning when Miss A set up the new payee and made the payment. And that it also provided a 'low friction' warning' during that payment journey. The low friction warning covers off multiple scam types – so isn't specific or impactful and it isn't an 'effective warning' as set out by the CRM Code. Monzo ought fairly and reasonably to have sought to determine the payment purpose and provide an effective warning against the possible scam risk Miss A maybe facing, highlighting the common features of purchase scams, and the steps Miss A could take to ensure she wasn't falling victim to a scam.

So, I don't think Monzo met its standards as a Firm when Miss A made the payment and liability for the loss should be shared between Miss A and Monzo.

Could Monzo have done anything else to prevent Miss A's loss?

I agree with our Investigator here, the payment Miss A made was unusual for her when looking at her account activity. Monzo have highlighted that Miss A made a payment for £3,000 in March 2022. But I'm mindful that this was around eight months prior to the disputed payment, which is also for considerably more, and the amount of £5,000 is a sizeable payment. It also cleared Miss A's balance at the time. So, Miss A didn't make larger payments frequently and Monzo ought to have intervened to ensure Miss A wasn't at risk of financial harm from fraud. Had Monzo questioned Miss A about the payment – it could have tailored its warning and provided the common features of vehicle scams, namely the price being too good to be true, coupled with not being able to see the vehicle in person due to the distance which are the key features of vehicle scams. This was a lot of money for Miss A, and she needed a vehicle for her young family, so I think had she been provided with the key features of vehicle scams it would have resonated with her, and she would have been cautious and taken additional steps prior to committing to any purchase.

The relevance of this finding is that while I consider both parties should share liability for the loss, I find Monzo could have done more at the time of the payment and the interest award I will make, for deprivation of funds, will reflect that.

I note Miss A's representatives have argued that Miss A was vulnerable at the time of making the payment as she needed a vehicle for her young family. Under the CRM Code whereby a consumer is deemed vulnerable, they will be automatically reimbursed for their loss. I accept that Miss A had a need for a car, but I don't think that means she was more susceptible to the scam and couldn't have prevented or protected herself from falling victim to this scam. In short, it's reasonable to conclude that Miss A carried out some internet searches – in order to find a car, and therefore she would have likely seen that similar cars

were going for considerably more. And it ought to have led to her questioning why the car she was interested in, was being sold for a far lower price than the average going rate.

Finally, I've considered whether Monzo did all it could to try and recover the money Miss A lost, once she had reported the scam to it. There were failings by Monzo here, as it didn't action the fraud claim when Miss A reported it on 24 November 2022. This meant it therefore delayed reaching out to the beneficiary bank until Miss A resubmitted the fraud claim on 23 December 2022. Unfortunately, it wasn't able to recover any of the money lost. Despite the delays, this was sadly always likely to be the case given there was an initial delay in reporting the matter – such is the nature of this particular type of scam, where the consumer is awaiting the delivery of the car, which sadly never arrives meaning the fraudsters have had time to move the funds on. Miss A reported the matter around 10 days after she had made the payment, so even had Monzo acted in a timely manner as it ought to have done, it is unlikely to have made a difference here.

Putting things right

For the reasons I've explained, I uphold this complaint about Monzo Bank Ltd in part and instruct it to pay Miss A:

- £2,500 (that being 50% of the money lost to the scam)
- Pay interest on that amount at 8% simple per annum from the date of the payment until the date of settlement.

My final decision

For the reasons given above, I partially uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 29 July 2025.

Matthew Horner
Ombudsman