

The complaint

Mr T has complained that Monzo Bank Ltd hasn't reimbursed the money he says he's lost to a scam.

What happened

Mr T says he's fallen victim to an investment scam.

In 2022, a trusted professional acquaintance introduced Mr T to an investment opportunity with a company I'll refer to as 'V'. To find out more about the investment opportunity, he attended a webinar that was run by V's Financial Conduct Authority ('FCA') regulated marketer ('the marketer') and then he had a one-to-one meeting with the marketer to cover off any questions he had. He was persuaded to invest funds with V after carrying out the following due diligence:

- He spoke to current investors who were happy with the performance of their investment.
- He researched V's founders and met them in-person.
- He reviewed V's professional and high-quality marketing material.
- He checked the paperwork he'd been provided with and asked follow-up questions to establish that he'd be paying an FCA-regulated broker.
- He saw that all the information he'd been given pointed to V being regulated by the Commission de Surveillance du Secteur Financier ('CSSF') in Luxembourg, and in the process of becoming regulated by the FCA in the UK.
- He researched the marketer and found that she was FCA-regulated and present on Companies House ('CH').

Mr T was given access to a fake trading portal. He saw his initial deposits reflected in the portal as expected, and they performed well. On 20 January 2023, he withdrew £1,000 from his investment to test the assertion that he could withdraw from his investment at any time, before investing further funds. Overall, Mr T made the following payments to V from his Monzo account:

Date of payment	Amount of payment
11 October 2022	£5,000
27 November 2022	£10,000
28 November 2022	£10,000
14 February 2023	£10,000
15 February 2023	£10,000
16 February 2023	£10,000

7 March 2023	£500
8 March 2023	£10,000
9 March 2023	£10,000
10 March 2023	£9,500

When Mr T discovered that V is being investigated by the FCA, he logged a scam claim with Monzo. He asked the bank to reimburse him under the provisions of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code'). Monzo said that it couldn't provide an outcome to Mr T's scam claim due to the FCA's ongoing investigation of V. Mr T raised a complaint, but Monzo maintained its position that it will only review Mr T's claim once it has received the outcome of the FCA's investigation. Mr T has complained that Monzo failed to respond to his complaint in good time or provide a satisfactory level of service.

Monzo has paid Mr T £80 by way of compensation for the customer service issues it accepts he has encountered.

What did our investigator say?

Our investigator was satisfied that Mr T's situation meets the CRM Code definition of an Authorised Push Payment ('APP') scam, and that the FCA's investigation of V would have no impact on this. So, she assessed this case under the provisions of the CRM Code and found that Monzo should fully reimburse Mr T's financial loss and pay interest at a rate of 8% per annum from the date of her view to the date of settlement. She also recommended that Monzo pay Mr T a further £120 for the trouble and upset it has caused him in the way it's handled his complaint.

Mr T accepted our investigator's findings, but Monzo did not. It said it will be waiting for the outcome of the FCA's investigation in this case, as it is likely to have an impact on the scam claim.

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.

Is it appropriate to determine this complaint now?

I have considered whether it would be appropriate to delay my decision in the interests of fairness, as I understand that an FCA investigation into V is still ongoing.

There may be circumstances and cases where it's appropriate to await the outcome of external investigations. But it may also be possible to reach conclusions on the main issues based on the evidence already available.

In order to determine Mr T's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that he's been the victim of a scam here. I wouldn't proceed to that determination if I considered that fairness to the parties demands that I delay. But I need to bear in mind that this Service exists for the purpose of resolving complaints quickly and with minimum formality, so delaying giving Mr T an answer for an unspecified length of time would be inappropriate unless truly justified. As a

general rule, I wouldn't be inclined to think it fair to postpone reaching a decision unless, considering the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the main issues.

For the reasons I will set out in full below, I don't think it's necessary to await the outcome of the FCA's investigation into V in order to reach a fair outcome in this case.

I'm aware that my decision not to postpone determining this case might lead to 'double recovery'. I think that Monzo would be entitled to take, if it so wishes, an assignment of the rights to all future distributions to Mr T in respect of this investment before paying any redress I award.

Has Mr T been the victim of an APP scam, as defined in the CRM Code?

It isn't in dispute that Mr T 'authorised' the disputed payments. Because of this, the starting position is that he's liable for the transactions. But Monzo has allowed this Service to apply the CRM Code's principles to complaints we consider against it which meet the relevant criteria, and the CRM Code was in force when the disputed payments were made. The CRM Code provides additional protection to APP scam victims, as Mr T claims to be.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an APP scam. But the CRM Code only applies if the definition of an APP scam, as it sets out, is met. I have included the CRM Code's definition of an APP scam below:

...a transfer of funds executed across Faster Payments...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.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. It says:

This 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.

I've therefore considered whether the payments Mr T made to V fall under the scope of an APP scam as set out above, and I think they do. I'll explain why.

Our Service is now aware of a number of issues related to V, which suggest it was more than likely operating a scam. For example:

- V's claims of at least being in the process of becoming regulated with relevant bodies such as the FCA in the UK and the CSSF in Luxembourg are false.
- There is no evidence to substantiate V's claims around the profits it was able to generate via Forex trading.
- Less than half of investor's funds sent to the founders of V were potentially used for the intended purpose of Forex trading, and I understand that investors sent funds in

the belief that they would immediately be moved to a trading account to be used in Forex trading.

- V's account provider has shown that, when V applied for accounts, it lied at least twice – about partnering with a trading exchange and its regulatory status.
- None of the funds sent to V's business accounts were used for the intended purpose of trading in Forex.

Considering all of the above, I do not think V was using investor funds, such as the £84,000 Mr T invested (deducting the £1,000 he withdrew in January 2023), for the purpose they were intended for. And I think this difference in purpose is down to dishonest deception on V's part. It follows that I'm satisfied this complaint meets the definition of an APP scam as set out in the CRM Code.

Returning to the question of whether, in fairness, I should delay reaching a decision in this case pending developments from external investigations, I have explained why I should only postpone my decision if I take the view that fairness to the parties demands that I should do so. In light of the evidence already available to me here, I do not consider it likely that postponing my decision would help significantly in deciding the main issues. In regards to the FCA's investigation of V, there is no certainty as to what, if any, prosecutions may be brought in future, nor what, if any, new light they would shed on the evidence and issues I've discussed.

Is Mr T entitled to reimbursement under the CRM Code?

I've considered whether Monzo should refund Mr T under the provisions of the CRM Code. Two exceptions to full reimbursement could apply in this case, if:

- Mr T ignored an effective warning that Monzo gave during the payment journeys: and/or
- Mr T made the disputed payments without a reasonable basis for belief that the payee was the person he was expecting to pay, the payments were for genuine goods or services and/or the person or business he was transacting with was legitimate.

Monzo hasn't said that it provided warnings on any of the disputed payments, and I'm not aware of any relevant warnings Monzo was issuing at the relevant time which I would consider to be effective. So, I'm not satisfied that Mr T ignored an effective warning that Monzo gave during the payment journeys, and that exception to reimbursement is not applicable here.

From what I've seen, I'm persuaded that Mr T had a reasonable basis for belief in this case, so I'm not satisfied that this exception to reimbursement applies either. He:

- Was introduced to the investment opportunity by a trusted and professional acquaintance.
- Researched the marketer and found that she was FCA-regulated and present on CH.
- Attended a webinar run by the marketer and then had a one-to-one meeting with her to cover off any questions he had.
- Spoke to current investors who were happy with the performance of their investment.

- Researched V's founders and met them in-person.
- Reviewed V's professional and high-quality marketing material.
- Checked the paperwork he'd been provided with and asked follow-up questions to establish that he'd be paying an FCA-regulated broker.
- Saw that all the information he'd been given pointed to V being regulated by the CSSF and in the process of becoming regulated by the FCA.
- Was given access to a fake trading portal.
- Saw his initial investment perform well and tested the assertion that he could withdraw from his investment at any time before investing further funds.

It's not clear what Mr T thought about some concerning factors, such as the level of returns set out in V's paperwork but, considering all the other points above, I think there was enough to reasonably convince Mr T that this was a genuine investment with a legitimate business.

What, if any, level of compensation is appropriate for the trouble and upset Mr T has suffered?

Monzo has accepted that the level of service it provided to Mr T fell short of what he could reasonably expect, and it has paid him £80 by way of compensation. But I've seen that the impact on Mr T has been more than minimal - requiring a not inconsiderable amount of effort on his part over a protracted period. Considering this, I am persuaded that a compensatory payment of £200 is more in line with level of awards this Service recommends.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint and instruct Monzo Bank Ltd to:

- Reimburse Mr T in full. It should also apply 8% simple interest per annum from the date of our investigator's view (26 November 2024) to the date of settlement. I say this because the information I've relied upon to uphold Mr T's complaint was not readily available to Monzo when the scam claim was first raised. So, the bank would not have been able to identify the issues that led to the complaint being upheld by me.
- Pay an additional £120 (a total of £200) for the trouble and upset it has caused Mr T in dealing with this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 July 2025.

Kyley Hanson
Ombudsman