

## The complaint

Miss F complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost to an authorised push payment ('APP') scam.

## What happened

The circumstances of the complaint are well-known to both parties. As a result, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In April 2023, Miss F began speaking to a third party ('the scammer') on an online dating website. The scammer said they were working as a doctor in Iraq, but wanted to terminate their employment and travel to the United Kingdom to visit Miss F. The scammer advised that in order to do this, there were various costs involved which they needed Miss F's help to pay, on the understanding that she would be reimbursed at a later date.

The scammer told Miss F that their own bank account had been restricted, preventing them from receiving funds from Miss F or being able to make the necessary payments. Instead, Miss F was asked to pay another third party, whom the scammer said was acting as their "*finance handler*".

Between 23 April 2023 and 2 June 2023, Miss F made nine faster payments to the same payee, but via two separate accounts held with different beneficiary firms. Miss F hasn't been able to confirm the specific purpose of each individual payment but has explained that the payments were for travel expenses, fees to terminate the scammer's employment and customs charges to transport gold from Iraq to the United Kingdom (via Germany).

The relevant payments are as follows:

Payment date	Beneficiary firm	Amount
23/04/2023	Fire Financial Services Ltd	£1,500
25/04/2023	Fire Financial Services Ltd	£1,000
26/04/2023	Fire Financial Services Ltd	£2,000
27/04/2023	Fire Financial Services Ltd	£400
26/05/2023	Fire Financial Services Ltd	£1,000
31/05/2023	Modulr FS Limited	£700
31/05/2023	Modulr FS Limited	£500
01/06/2023	Modulr FS Limited	£1,000
02/06/2023	Modulr FS Limited	£500
<b>Total loss</b>		<b>£8,600</b>

After discovering she'd been the victim of an APP scam, Miss F contacted Monzo for help. Monzo tried, unsuccessfully, to recover Miss F's funds from the two beneficiary firms.

Monzo also considered if it should be held responsible for Miss F's loss. However, there was a delay in Monzo making a decision, so Miss F raised a formal complaint. Monzo subsequently decided it wasn't liable for Miss F's loss, as she'd made the payments without a reasonable basis for believing the scam was genuine.

Unhappy with Monzo's response, Miss F referred her complaint to this service. Our Investigator didn't uphold the complaint. They didn't think Miss F had a reasonable basis for believing the scam was genuine and they didn't think the scam payments presented an identifiable risk of fraud when they were made which ought to have resulted in Monzo providing Miss F with warnings.

Miss F, via her professional representative, appears to have agreed that she didn't have a reasonable basis for belief that the scam was genuine. However, she disagrees that Monzo wasn't required to provide any warnings. Miss F says that if appropriate warnings had been given, this would've stopped the scam and, as a result, she thinks Monzo should be held equally responsible for her loss.

As an agreement couldn't be reached, the complaint has been referred 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 in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute here that Miss F made the scam payments herself and authorised Monzo to send the funds. So, under the Payment Services Regulations, the starting position here is that Miss F is responsible for the payments (and the subsequent loss) despite the payments being made as the result of a scam.

However, a relevant consideration of this complaint is the Lending Standards Board Contingent Reimbursement Model ('CRM') Code, which was in place until 6 October 2024. The CRM Code required firms to reimburse customers who had been the victims of APP scams like this, in all but a limited number of circumstances. Monzo says that one of those exceptions applies in this case.

It's important to note that Monzo wasn't officially signed up to the CRM Code, but Monzo did commit to applying the principles of the CRM Code in this particular case. So, I've carefully considered whether Monzo applied these principles to Miss F's claim fairly.

Monzo considers that under the CRM Code there is an exception to reimbursement. The CRM Code states at R2(1):

*“A Firm may choose not to reimburse a Customer if it can establish any of the following matters in (a) to (e). The assessment of whether these matters can be established should involve consideration of whether they would have had a material effect on preventing the APP scam that took place...*

*(c) In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that:*

*(i) the payee was the person the Customer was expecting to pay;*

*(ii) the payment was for genuine goods or services; and/or*

*(iii) the person or business with whom they transacted with was legitimate...”*

I've carefully considered Monzo's representations about why it shouldn't have to reimburse Miss F's loss under the CRM Code. I've also taken into consideration Miss F's testimony and the evidence she's provided of the scam.

I'm really sorry to disappoint Miss F, but I think Monzo has fairly established that a valid exception to reimbursement applies in this case, specifically that Miss F made the scam payments *without* a reasonable basis for believing that the person with whom she transacted was legitimate. I'll explain why below.

When Miss F started making the scam payments, she had only been communicating with the scammer for a short time. The scammer told Miss F that they were prohibited from using their phone to communicate and so communication was limited to written correspondence, aside from a phone call on two occasions. As a result, Miss F didn't really know who she was communicating with or have any evidence to support her belief that she could trust the scammer.

Miss F has explained that she asked the scammer for their social media accounts. Presumably, this was so Miss F could carry out some further checks on the scammer to verify they were who they said they were. The scammer told Miss F they were a private person and weren't willing to share this information with her. Given Miss F believed she was in a relationship with the scammer, I think this lack of openness reasonably ought to have given her cause for concern.

Miss F's advised that when the scammer started asking her for money, she was hesitant to agree, but that the scammer was able to reassure her that they would reimburse the money she sent. Unfortunately, Miss F has deleted most of the messages she exchanged with the scammer and has only been able to provide some very limited examples of the correspondence. So, I can't be sure what the scammer said that convinced Miss F to go ahead with the payments despite her initial concerns.

The scammer told Miss F that they weren't able to use their own account to make or receive payments, which is why she had to pay a third party instead. So, Miss F sent funds to an unknown third party, rather than sending the funds to the intended beneficiaries who needed to be paid to facilitate the scammer's journey to the United Kingdom. It doesn't seem plausible that these payments would need to be sent via a middleman or why Miss F couldn't pay the intended beneficiaries directly.

I've looked at the evidence Miss F has provided, which includes letters purporting to be sent to the scammer by the United Nations. I don't find any of the evidence particularly convincing. The letters don't look genuine, and they contain information that isn't plausible, such as allegedly being sent from senior figures within the United Nations and NATO, who wouldn't reasonably be expected to be involved in arranging an employee's termination of employment. Furthermore, the requirements for the payments to be made – to terminate a contract of employment and arrange a replacement worker – aren't plausible either.

I accept that Miss F was convinced by the scammer and attracted to their (apparent) friendly and kind-hearted nature. Whilst the scammer was able to successfully build rapport with Miss F over a short period of time, leading her to believe that they were in a serious relationship, I'm not satisfied that this is sufficient to say Miss F reasonably ignored the warning signs I've identified above. I think Miss F had reservations about what she was being asked to do and I've been provided with very little in the way of evidence or testimony to say the scammer was able to provide a convincing and plausible explanation for why Miss F's initial concerns weren't valid.

Taking the above into consideration, I don't find that Miss F had a reasonable basis for believing that she was making payments for a genuine reason. As a result, I'm satisfied that Monzo has demonstrated that it can refuse to reimburse Miss F under the principles of the CRM Code.

Whilst I've established that Miss F didn't have a reasonable basis for belief, I also need to consider whether Monzo met its expectations under the CRM Code. Our Investigator didn't think the scam payments demonstrated a fraud risk at the time they were made and wasn't persuaded that Monzo needed to provide warnings to Miss F when the scam payments were made.

Miss F has argued that the scam payments were sent to new payees which she didn't receive positive confirmation of payee outcomes for. She's also argued that the value of the payments were out of character based on her typical payments activity. Miss F believes that these elements were red flags that should've alerted Monzo to the fact that she was at risk of financial harm, which required Monzo to take further action before processing the scam payments.

Miss F created two new payee mandates with Monzo, which she paid as part of the scam. However, creating a new payee isn't, on its own, sufficient to say Monzo reasonably ought to have been on notice that Miss F was at risk of financial harm. I've reviewed Miss F's statements for the 10-month period prior to the scam, during which time Miss F made 15 faster payments, to multiple beneficiaries, some of which appear to have been new payees. So, I'm not satisfied that setting up new payees is enough to say there was an apparent scam risk to Monzo.

When setting up the new payee mandates, Monzo provided Miss F with a low friction scam warning, which gave some very general information about APP scams. There's nothing to suggest Monzo showed this warning when either new payee was created because it had concerns, rather that this warning is a standard part of Monzo's payment process when a new payee is created.

The first beneficiary firm Miss F paid didn't support confirmation of payee. So, Monzo couldn't have known if the payee name matched the name on the receiving account. As a result, I don't agree with Miss F that Monzo should've been concerned by the confirmation of payee outcome.

The second beneficiary Miss F paid had a positive confirmation of payee outcome, although Miss F initially said she was paying a business account which she subsequently changed to a personal account. So again, I don't think the confirmation of payee outcome for the second beneficiary reasonably ought to have given Monzo cause for concern.

The values of the scam payments were more than Miss F's typical faster payments. But they weren't so significant in value that I think they would've reasonably given Monzo cause for concern. I'm also conscious of the fact that the payments were spaced out over a six-week period, with payments being made on the same day happening only once and for low values.

Overall, I'm not persuaded the circumstances or pattern of transactions was so concerning that there was an apparent scam risk. As such, I don't think Monzo needed to provide effective warnings when the scam payments were made. I'm satisfied that the warnings Monzo gave were proportionate in the circumstances and therefore Monzo hasn't failed to meet its expectations under the CRM Code and can't fairly be held responsible for Miss F's loss.

Once it was aware of the scam, Monzo did reach out to the two beneficiary firms in an attempt to recover Miss F's funds. Unfortunately, both beneficiary firms confirmed that there were no funds remaining to be returned to Miss F.

Whilst there was a short delay in Monzo reaching out to the beneficiary firms, the scam wasn't reported to Monzo until three weeks *after* the final scam payment. So, even if Monzo had approached the beneficiary firms within the time I'd expect, I'm satisfied it's more likely than not that there would've still been no funds available to be returned to Miss F and that the delay in reporting to the beneficiary firms is unlikely to have been to her detriment.

### **My final decision**

I appreciate Miss F has lost a significant amount of money to a cruel scam, orchestrated by someone she thought she could trust. Whilst I sympathise with her, for the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 March 2025.

Liam Davies  
**Ombudsman**