

The complaint

Miss M complains that Monzo Bank Ltd ('Monzo') won't refund the money she says was lost as the result of a scam.

What happened

Miss M made two payments to an individual I'll refer to as B. The first payment was in December 2023 for £361 and the second payment was in February 2024 for £426. Miss M was told that B could get her competitive prices on travel and asked her to book flights and accommodation.

Due to a change in her circumstances, Miss M asked B to cancel her bookings and provide a refund. But B declined to refund Miss M.

Miss M found out that B had cancelled the bookings and believes they should've been left in her name if B couldn't provide a refund. So, Miss M raised a fraud claim with Monzo. Monzo declined to refund Miss M saying she has a civil dispute with B, so they're not liable.

Miss M wasn't happy with Monzo's response, so she brought a complaint to our service.

An investigator looked into Miss M's complaint but didn't recommend that Monzo refund her. The investigator wasn't satisfied that Miss M had been the victim of a scam, saying she hadn't been tricked into paying someone else, or that B had set out with the intention to defraud her.

Miss M disagreed with the investigator's opinion and asked for an ombudsman to review her case.

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 broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, 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 that Miss M authorised these payments.

Is Miss M entitled to a refund under the CRM Code?

Monzo have agreed to apply the provisions of the Contingent Reimbursement Model Code ('CRM Code'), which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code does not apply to private civil disputes, for example, 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.

Also, the CRM Code defines what is considered an APP scam as, “where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent”.

I’m really sorry to disappoint Miss M, as I realise that she has ended up out of pocket as a result of using B. But I’m not satisfied that the circumstances under which she made her payments, meets the definition of an APP scam under the CRM Code.

Miss M intended to make the payments to B, so she wasn’t tricked into sending the money to another person. Also, the payments were made in order for B to book flights and accommodation for Miss M, which she did. Although I appreciate that those bookings were later cancelled.

It’s unclear what the agreement was between B and Miss M, in the case of a change in circumstances and whether a refund would be available. However, there is no evidence that B took the money from Miss M with no intention of booking the flights and accommodation or with the intent of defrauding Miss M.

So, I’m not satisfied that Miss M’s payments are covered by the CRM Code.

Is there any other reason I could ask Monzo to refund Miss M?

There is an expectation for Monzo to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Monzo to intervene and attempt to prevent losses for the customer.

Taking into account the size of the payments, that they were made to an existing payee, and comparing them to the usual activity on Miss M’s account – I wouldn’t have expected Monzo to have been concerned or intervened when the payments were made.

I appreciate that this is a lot of money for Miss M, but a balance has to be struck between Monzo identifying payments which could be fraudulent – and then responding appropriately to their concerns – and ensuring minimal disruption to legitimate payments. As I’m not satisfied Monzo should’ve intervened when the payments were made, they couldn’t have prevented Miss M’s loss.

Having carefully considered all the circumstances, I’m not satisfied that I can fairly ask Monzo to refund Miss M.

My final decision

My final decision is that I don’t uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss M to accept or reject my decision before 11 November 2025.

Lisa Lowe
Ombudsman