

The complaint

Miss A complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost after falling victim to a scam.

What happened

Miss A found an investment on a social media site through an individual I'll refer to as S.

In April 2024, Miss A made an initial investment of £2,000, from an account she held with another bank. Within a few days, Miss A was told her investment had increased in value to £23,000 and she could withdraw her funds. But she would have to pay £4,000 in fees.

Miss A says she couldn't afford the £4,000, but the scammer was threatening her and said they'd send bailiffs to her home, so she transferred £2,900 from her Monzo account. This was sent in two payments to an individual I'll refer to as J, of £2,000 then £900.

When Miss A continued to receive threats and requests for more money, she realised it was a scam, and raised a fraud claim with Monzo and the other bank.

Monzo looked into Miss A's fraud claim but declined to refund her under the Contingent Reimbursement Model Code (CRM Code), saying she hadn't completed sufficient checks to make sure the investment was genuine.

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

An investigator reviewed Miss A's complaint but didn't recommend that Monzo refund her. The investigator was satisfied that Monzo could rely on an exception to reimbursement under the CRM Code, as Miss A didn't have a reasonable basis for believing the investment was genuine. The investigator noted that Monzo had called Miss A when she made the first payment. But, as Miss A wasn't honest about why she was making the payment, Monzo couldn't uncover the scam.

Miss A disagreed with the investigator's opinion and raised the following points:

- She only made the payments due to being threatened and out of concern for her, and her family's, safety.
- She checked online and found S's company was registered.
- She received a receipt for her first payment (made from an account with another bank), which persuaded her the investment was genuine.
- The seller lied about their faith and used it to manipulate Miss A.

As the case couldn't be resolved informally, it was passed to me to review.

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 be good industry practice at the time.

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.

In this case, the issue in dispute is whether Miss A is entitled to a refund under the CRM Code. I realise she fell victim to a scam and how distressing this has been for her. However, falling victim to a scam doesn't necessarily mean that Miss A is entitled to a refund.

Can Monzo rely on an exception to reimbursement under the CRM Code?

Monzo have agreed to apply the provisions of the 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 Monzo may choose not to reimburse a customer if it can establish that an exception to reimbursement applies. In this case, Monzo say *"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 service; and/or the person or business with whom they transacted was legitimate."*

Having reviewed all of the evidence, I'm satisfied that Monzo can rely on this exception to reimbursement – for the following reasons:

- Miss A says she looked online and found S's company was registered. But the company information Miss A has provided is not linked to S or the investment. It is a company in a different name than the one S used, and S isn't one of the directors. There is no company registered in the name used by S. And I cannot see that Miss A did any checks on S other than looking at her online profile on the social media site.
- Miss A didn't have any marketing material or information about the investment, how it would work, or what return she could expect. This would be provided with any legitimate investment.
- Miss A was told that if she didn't make a profit, her investment would be returned to her. No legitimate company would guarantee a profit in this way.
- Miss A wasn't given a trading account or any sort of log-in to track her investment. She only received screen shots which supposedly showed her investment balance. Also, she was asked to make payments to two separate individuals. There is nothing to indicate how they were linked to the investment, or why Miss A would be paying them rather than S, or the company she thought the investment was being made through. Miss A was told that M (the individual she paid from her account held with another bank) was an accountant, but I can't see any explanation on why she then had to pay J, another individual.
- After Miss A made her initial investment of £2,000, she was told her balance had grown to £23,000 within a couple of days, which was too good to be true. Also, Miss A wasn't told up front about any release fees or other fees that would need to be paid to withdraw her investment. So, she should've been concerned when she was asked

to pay £4,000.

- Monzo called Miss A to discuss the first payment. Miss A said the payment was going to a family member to help them pay bills. As part of their intervention Monzo also provided a warning online which said “if the price is too good to be true, it probably is” and “scammers will often try and convince you to pay money into a personal account even though they say they are working for a company”. This should’ve resonated with Miss A.
- Miss A says she only made the payments from her Monzo account as she was concerned for her family’s safety. However, in the messages S threatens to send the debt for the fee to a collection agency and suggests that bailiffs might get involved. While Miss A wasn’t an experienced investor and it’s understandable why she would’ve been concerned, she should’ve sought help or made checks before sending the payments. No genuine company or investment would suggest taking this action in these circumstances.

Based on the lack of information Miss A had about the investment, S and S’s company, I’m not satisfied that Miss A had a reasonable basis for believing the investment was genuine.

Did Monzo meet their obligations under the CRM Code?

While I’m satisfied that Monzo can rely on an exception to reimbursement, Miss A may still be entitled to a refund if Monzo haven’t met the standards set for them under the CRM Code.

Monzo had concerns about the first payment and called Miss A to discuss it. Miss A misled them by saying the payment was to help a family member pay bills.

Unfortunately, because Miss A wasn’t honest with Monzo, they were prevented from uncovering the scam or providing a relevant warning to Miss A. Also, there was nothing in the call with Miss A which suggested that she might not be telling them the truth or that should’ve raised concerns about the reason for the payment.

As the second payment of £900 was to an existing payee, and taking into account the conversation Monzo had already had with Miss A, I wouldn’t have expected them to have intervened again on this payment or have provided a warning.

Based on the information available to Monzo, I’m satisfied that they met the obligations set for them under the CRM Code.

I’m really sorry to disappoint Miss A, but based on the evidence, I’m not satisfied that I can fairly hold Monzo liable for her loss or ask them to refund her.

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 A to accept or reject my decision before 20 October 2025.

Lisa Lowe
Ombudsman