

## The complaint

Ms M 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 this is the case, I don't intend to set them out in detail here. However, I'll provide a brief summary of what's happened.

In late 2023, Ms M responded to an advert on OpenRent. She contacted the 'landlord' and arranged for her partner to view the property. After her partner had viewed the flat Ms M agreed to rent it and paid a deposit on 29 November 2023 of £1,846.15 to the 'landlord' by bank transfer. Monzo notified Ms M that the confirmation of payee didn't match. Before Ms M confirmed the payment, she queried this with the 'landlord' and was assured that there was nothing to worry about as his personal and business accounts were linked. Ms M then authorised the payment.

The landlord then asked for documentation from Ms M and her partner to carry out referencing. The landlord confirmed that everything was in order and sent a tenancy agreement to Ms M and asked for the first month's rent. Ms M signed the tenancy agreement and sent the first month's rent payment of £1,600 on 4 December 2023.

There were then delays in the property being ready for Ms M to move into and on 13 December 2023, Ms M messaged the landlord requesting a refund. When she didn't receive a response she realised she had been scammed and contacted both Monzo and the police.

Monzo tried, unsuccessfully, to recover Ms M's funds from the beneficiary firm. Monzo also considered if it should be held responsible for Ms M's loss. There was a delay in Monzo making a decision and providing a final response to Ms M's complaint. In its final decision it said it didn't think it was liable for Ms M's loss, as it said it felt she had made the payments without a reasonable basis for believing the scam was genuine. It paid Ms M £125 for the delay in responding to her complaint.

Ms M wasn't happy with the response she received from Monzo and referred her complaint to this service. It was looked at by an investigator who considered it by applying the terms of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. He was of the view that Ms M had made these payments with a reasonable basis to believe that they were genuinely to the landlord of a property she wanted to rent. Under the terms of the CRM Code, this meant Monzo needed to refund Ms M's losses.

Monzo didn't accept the investigator's view. It said it didn't think Ms M had a reasonable basis to believe that the landlord was genuine (in line with the CRM code) as it felt:

- *The scam itself was not overly complex.*
- *The customer paid an account that was not in the name of the person that they were*

*supposedly speaking to.*

*- The cost of the property was considered too good to be true when compared to other similar product and services.*

It also said it didn't accept Ms M had taken reasonable steps to protect herself as she had not used the OpenRent platform to pay the deposit and first month's rent.

As Monzo disagreed with the investigator's opinion, the complaint has been passed to me to consider and come to 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.

Having done so I have reached the same view as our investigator and for much the same reasons. I'll explain why.

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. However, that isn't the end of the story. Monzo has agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code (the CRM code). This code requires firms to reimburse customers who have been the victim of authorised push payment (APP) scams in all but a limited number of circumstances.

For Monzo to choose not to reimburse Ms M, it needs to establish that an exception to reimbursement applies. Monzo has identified two specific exceptions under the CRM Code that it considers are applicable here - those at R2(1)(b) and (c). In other words, Monzo says that Ms M made the payments '*...without a reasonable basis for believing that ... the payee was the person the Customer was expecting to pay.*' It also says that Ms M did not take appropriate actions following a negative Confirmation of Payee result.

I've carefully considered Monzo's representations about why it shouldn't have to reimburse Ms M's loss under the CRM Code. I've also taken into consideration Ms M's testimony and the evidence she's provided of the scam. Having carefully considered the circumstances of this complaint I don't think Monzo has fairly established that a valid exception to reimbursement applies in this case, specifically that Ms M made the scam payments without a reasonable basis for believing that the person with whom she transacted was legitimate. I'll explain why.

Monzo says Ms M should have seen the rent the property was advertised for as a red flag. It says similar properties were offered for around £350 per month more. Like our investigator I don't think I can safely find that the rent for the property was 'too good to be true'. As our investigator noted, the rent for properties in the same building will vary based on the particular features of the property. For example, properties with a larger floor area and/or on higher floors usually carry a price premium. It is not clear from the information supplied by Monzo that the property was comparable to the one Ms M thought she was renting. Likewise, the rent Ms M agreed appears to be in-line with that for properties with a similar

specification in the same area that Ms M was looking to rent. Having carefully considered this point I don't think Ms M should have had reasonable cause to believe that the rent was 'too good to be true'.

Monzo also says Ms M should have used OpenRent to make a payment to the landlord. I appreciate that with the benefit of hindsight this would have been a sensible course of action. But I must also take into account that Ms M's partner had viewed the property and met the 'landlord' before any payment was made. I think this not unreasonably led Ms M to believe that the rental was legitimate - as I set out above I don't think the rent was a 'red flag'. I think Ms M and her partner took sensible steps to verify that the property existed before proceeding. In reaching this view I have also taken into account that the property was advertised on OpenRent, so Ms M understood the landlord to have a verified profile.

I am mindful that Ms M paid the 'deposit' for the flat before she received the tenancy agreement. But, as our investigator noted, it's not uncommon to pay a holding amount for a property prior to receiving a tenancy agreement in a competitive housing market such as a large city in the UK. I don't think this was unreasonable of Ms M or irresponsible in the circumstances of this complaint.

It is not in dispute that Ms M proceeded with the payment to the scammer despite no confirmation of payee match. Ms M has provided evidence to show she queried this with the landlord before she proceeded with the payment and was given a seemingly plausible explanation for the lack of a match. Ms M has also explained that she had seen a similar warning before and had successfully completed the transaction despite the mismatch. I find her reasoning understandable. In addition to that, the text of the warning relied on Ms M's judgement as to whether there was a fraud risk – if she considered that there was, it advised that she carry out additional checks. However, in this case, as I have set out above Ms M didn't have any specific reason to question the legitimacy of the payment instructions. The fraudster had successfully gained her cooperation and Ms M believed she was dealing with a legitimate landlord. In light of this, I do not consider it unreasonable that Ms M proceeded with the payment despite the no confirmation of payee warning.

I note that Ms M has explained that the delay in Monzo responding to her complaint caused her significant distress. Based on the submissions Ms M has made and the medical evidence she has provided I agree that the £150 our investigator said Monzo should pay Ms M (in addition to the £125 it has already paid) for the upset caused by the delays and the need to chase Monzo several times for a response is fair and reasonable in the circumstances of this complaint.

I note that our investigator incorrectly said Monzo had already paid Ms M £150, when the final response letter set out it had paid Ms M £125. I apologise for this oversight.

### **Putting things right**

If Ms M accepts my final decision, Monzo Bank Ltd should refund the payments she made in connection with the scam. It should also add 8% simple interest per annum to those payments calculated to run from the date it declined to refund her (20 March 2024) until the date any settlement is paid.

In addition Monzo should pay Ms M a further £150 for the worry and upset its delay in responding to this complaint has caused Ms M.

### **My final decision**

For the reasons I've set out above, I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 May 2025.

Suzannah Stuart  
**Ombudsman**