

## **The complaint**

Mr S is unhappy that Monzo Bank Ltd (“Monzo”) won’t refund the money he lost when he fell victim to a purchase scam.

## **What happened**

Mr S found the profile of someone selling computer parts on the selling page of a social networking website. The profile Mr S found was several years old and appeared to have successfully facilitated the sale of similar items before. Mr S shared some messages with the seller and they agreed a price of £269.60. Mr S initially asked if he could pick the items up in person but the seller said he wouldn’t be available at the time specified by Mr S so it was agreed that the parts would be delivered via next day delivery.

Mr S asked if he could pay via PayPal but the seller said they’d had problems using Paypal in the past so Mr S could either pay cash on collection or via bank transfer. The seller told Mr S that someone else was interested in the parts so a bank transfer would mean that the items were secured for him immediately. The seller provided Mr S with their bank account details and Mr S completed a bank transfer from his Monzo account online.

There were some delays in the seller sending the parts and so Mr S, who lived nearby, asked if he could come and pick the parts up. The seller agreed, but when Mr S arrived the seller wasn’t at the address as he said he would be. Concerned his time was being wasted, Mr S asked for a refund so he could buy the parts elsewhere. The seller told Mr S that he had attempted to send him a refund of the amount transferred but for some reason, it had been blocked by his bank.

There was no real meaningful contact with the seller from this point onwards and Mr S did not receive the refund he had been promised nor did he receive the computer parts he had paid for - so he contacted Monzo for help.

Mr S explained that he thought he had been the victim of a scam. Monzo considered whether it should refund Mr S for his loss but it turned down his claim for a refund and said he didn’t take enough steps to check who he was paying for was legitimate or that the items had genuinely been for sale.

Unhappy with Monzo’s response, Mr S brought his complaint to this service and one of our investigators looked into things.

The investigator recommended that the complaint be upheld. They said Monzo had agreed to act in line with the Lending Standards Board’s Contingent Reimbursement Model (“the CRM Code”). This meant Monzo had made a commitment to reimburse customers who are victims of authorised push payment scams except in limited circumstances. Our Investigator didn’t think any of those circumstances applied here.

The investigator said Monzo had not been able to establish that Mr S did not have a reasonable basis for believing that the payee was the person he was expecting to pay, the payment was for genuine goods and/or that the person he was transacting with was legitimate. In reaching that position, they placed weight on the social media selling platform as a recognised informal selling site. They pointed out that the profile in question had been established for a number of years and appeared to have completed some successful sales before. They also said the price requested was reasonable for the computer parts in question. For these reasons, our investigator thought Monzo should have fully reimbursed Mr S's loss.

Monzo disagreed. It said the price of the computer parts was 'too good to be true' and therefore the price being offered to Mr S should've been a cause for concern. It also pointed to some best practice standards set out by the social networking website itself which said users should use secure methods of payment – rather than bank transfer. Monzo didn't think Mr S had taken heed of this. It also pointed out that the amount of time the profile had been in place was no way to verify to legitimacy of the sale. Overall, Monzo was of the opinion that Mr S should have done more due diligence before making the payment in question.

Our Investigator didn't change their view of the complaint. They acknowledged that Monzo had been able to find similar computer parts at a lower price. However, they didn't think this meant that the price Mr S paid was too good to be true. They also pointed out that they had found the items for sale at a similar price to the one paid by Mr S. They went on to say that the very nature of the selling site used meant it was geared towards informal sales and there wasn't a requirement to pay for purchases via PayPal or any other method.

As no agreement could be reached, the complaint has been passed to me for 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.

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 firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Service Regulations and the terms and conditions of the customer's account. However, where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they authorised the payment.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Mr S in line with the provisions of the CRM Code which it has agreed to adhere to and whether it ought to have done more to protect Mr S from the possibility of financial harm from fraud.

There's no dispute here that Mr S was tricked into making the payment. He thought he would receive computer parts in exchange for his money and the seller did not keep to their side of

the bargain. But this isn't enough, in and of itself, for Mr S to receive a refund of the money under the CRM Code.

### *The CRM Code*

As I've said above, Monzo has agreed to adhere to the provisions of the The CRM Code which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances. If Monzo declines to reimburse its customer in full, it is for Monzo to establish that one or more the listed exceptions set out in The Code itself apply.

In this case, Monzo has explained its key concern is that Mr S made the payment without a reasonable basis for believing that the payee was the person he was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom he transacted was legitimate.

There are further exceptions within the CRM Code, but they do not apply in this case.

Taking into account all of the circumstances of this case, including the characteristics of Mr S and the complexity of the scam, I am not persuaded the concerns Monzo has raised about the legitimacy of the transaction Mr S was making are enough to support its position that an exception to reimbursement applies. It follows that I don't think Monzo has been able to establish that it may choose not to reimburse Mr S under the terms of The Code.

Having thought about what both sides have said and provided, I'm satisfied Mr S had a reasonable basis for believing the payment he was making was for genuine goods and that the person he was transacting with was legitimate. In reaching that conclusion, I have thought carefully about what it is realistic to have expected Mr S to do when he was looking to spend a total of £269.60 online.

In this case, the seller's profile had been established for a number of years. Mr S has told us that it appeared the seller had completed a number of successful sales using the profile before. The profile appeared to be that of a private individual who posted regularly. Having considered this, I don't think there was anything obviously untoward about the seller. And I don't agree with Monzo that the amount of time the profile had been active should not have been a factor in Mr S's decision-making process.

There is an assumption that scam profiles will be reported and taken down relatively soon after they have been set-up once their victims become aware of the scam. And so I can understand why a profile having been available for many years would have lulled Mr S into a false sense of security at the time he made the payment. And I'm not satisfied that Monzo has placed enough weight on the fact that this appeared to be a sale between two individuals and so it is difficult to see what more Mr S could've done to establish that the seller would send the items he paid for. I understand why the seller offering to meet Mr S face to face with the goods would further reassure Mr S that the items were available – the seller wasn't pressuring Mr S into making payment without firstly seeing the items, Mr S was told this was an option and that he could pay in cash when he picked them up. So, I don't think it was unreasonable for Mr S to have believed the seller had the items available and from what Mr S recalls, he had no reason to think the seller would not keep to their side of the bargain.

I've also thought about the price Mr S paid thinking he was getting the computer parts in question. Monzo feels that the price offered by the seller at the time was not feasible and it has pointed to sales it has been able to find showing a higher purchase cost. But I don't think

the price the seller gave was so low that it meant Mr S ought to have questioned it more in his own mind - especially when viewed in the context of the overall situation Mr S found himself in. People can and do find good deals online. The parts were second hand, and this was an informal sale taking place on an informal selling site. The seller may have had reasons for selling the parts that meant they were happy to take a slightly lower price. And so, whilst I accept that the cost of the items might've been lower than expected, I'm not persuaded that it was so low that it should've caused Mr S concern.

Even though Monzo has said it believes there was more Mr S could have done to assure himself that he could trust the seller, I am not persuaded Mr S needed to make such extensive enquiries in the particular circumstances of this case. I've thought carefully about the price of the item Mr S wanted to buy and the fact that this was an informal sale. Whilst the situation is finely balanced, I think Mr S's actions and assessment of the situation was appropriate and proportionate to a relatively unremarkable payment of £269.60.

The website in question is a well-established website used primarily for the purpose of informal second-hand sales between private individuals and small businesses – such as the one Mr S entered into. Whilst I acknowledge that the best practice guidance on the site itself directs potential buyers to purchase via secure method, it does not preclude the sale of items via bank transfer which is often used as a payment method in private sales such as the one under discussion here.

Weighing everything up, I don't think it would have been evident to Mr S that there was a considerable degree of risk associated with this purchase. The seller appeared to have a long-established profile and the price wasn't so low that it should've appeared unrealistic. I am not persuaded it did occur to Mr S that there was a possibility he wouldn't receive the items or that the sale might not be genuine.

I think Mr S took enough care with a relatively modest purchase of £269.60 to say that he had a reasonable basis for believing he was buying genuine goods from a legitimate seller. I don't believe he took a calculated chance by going ahead with the purchase in the circumstances he did. Overall, I'm satisfied Monzo ought to have fully refunded Mr S at the time he reported the loss and so it should fairly and reasonably refund Mr S the amount he lost now.

### **Putting things right**

Monzo should now refund the £269.60 Mr S lost, along with 8% simple interest from the date Monzo declined his claim under The CRM Code until the date of settlement.

### **My final decision**

For the reasons given above, I uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 May 2025.

Emly Hanley Hayes  
**Ombudsman**