

## **The complaint**

Mr O complains that Monzo Bank Ltd (“Monzo”) won’t refund him the money he lost after he fell victim to an Authorised Push Payment (‘APP’) scam.

In bringing the complaint to this service, Mr O is being professionally represented. For ease, I will refer to Mr O throughout this decision, even where the submissions have been made on his behalf.

## **What happened**

The background to this complaint is well-known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In late 2022, Mr O was introduced by his sister-in-law to a person, I’ll refer to as “AE”. AE offered to help Mr O’s sister-in-law obtain a visa and sponsored job so that she could relocate to the UK.

Mr O met with AE in person, had conference and telephone calls with him and also communicated via a well-known messaging app. Believing all to be genuine and wanting to secure a better future for his sister-in law and his family, Mr O proceeded to make five payments between December 2022 and November 2023 to AE totalling £7,002.

After Mr O was informed the offer was progressing, he was then told there were some challenges with the application, and it was following this, that contact ceased and Mr O realised he’d fallen victim to a scam.

He contacted Monzo in February 2024 to report the matter, but it declined to refund Mr O the money he’d lost. Monzo assessed Mr O’s claim under the Contingent Reimbursement Model (CRM) Code, which it has agreed to abide by the principles of. The CRM Code sets out that Monzo should refund victims of APP scams (like Mr O), in all but a limited number of circumstances.

Monzo, in its final response letter, said Mr O was not entitled to a refund under the CRM Code because the payments made were from his Monzo account to another account in his own name. However, it has since confirmed that it declined to refund Mr O under the CRM Code on the basis he didn’t have a reasonable basis for belief – it says he did not do enough checks to ensure the person he was sending money to was legitimate.

Unhappy with Monzo’s response, Mr O brought his complaint to this service. One of our Investigators looked into things but didn’t think the complaint should be upheld. In summary this was because he thought there was enough going on that Mr O ought to have had some concerns about the payments he was making. Alongside this, he also didn’t think a scam risk would have been apparent to Monzo. He added that given the time that had passed, from when the payments were made to reporting the scam, that recovery of the funds was unlikely regardless of how swiftly Monzo had acted.

Mr O didn't agree with our Investigator's view. In short, Mr O maintained he was introduced to AE via his sister-in-law and as such, if a person is trusted by a family member that it follows it's fair to assume he would trust the person that he was introduced to by association. Mr O feels this ought to outweigh the concerns our Investigator thinks Mr O ought to have had. He added that he met AE in person which added credibility and so didn't feel there was a need to verify their identity as he was dealing with the person in front of him.

As an agreement couldn't 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.

It's not in dispute that Mr O made the payments to the scammer himself. So, in accordance with the Payment Services Regulations 2017 he is presumed liable for the loss in the first instance. However, as I've already set out, Monzo has agreed to abide by the principles of the CRM Code.

The starting position under the CRM Code is that Monzo ought to refund Mr O, unless it can establish an exception to reimbursement applies. Such exceptions to reimbursement include (as far as is relevant to this complaint) that Mr O;

- Made the payment without a reasonable basis for believing that the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

In this case, I think Monzo has been able to establish that it may choose not to reimburse Mr O under the terms of the CRM Code. I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

### ***Did Mr O have a reasonable basis of belief?***

I've thought about what Mr O has told us happened. Based on everything I've seen and been told; I'm not satisfied Mr O did have a reasonable basis for belief. I think there were a number of concerning factors here that ought to have made Mr O cautious and led him to complete more extensive research before making the payments he did. I will now explain why.

I understand Mr O was dealing with an individual – one he was introduced to through the association of a family member. But given the formal nature of the service being paid for, the receipt of a visa and job sponsorship, I think it is questionable as to why he was paying an account held by an individual (AE), rather than to a business that was clearly identifiable as offering these services.

Further, from the evidence I've seen, Mr O wasn't provided with, nor asked for, any documentation regarding the individual he was dealing with, nor regarding the actual visa/job sponsorship he was making payments towards. Given the official nature of the service being provided, I think it would have been reasonable to have expected such documentation.

I do acknowledge Mr O says he met with AE in person and so he didn't feel there was a need to verify his identity as he was dealing with the person in front of him and, added to this that he was introduced to AE by a family member, which he feels created a level of trust and credibility. Whilst I can accept that this would have given Mr O some degree of assurance, I

think he still ought to have done more to verify that the person he was dealing with was actually able to offer him what he claimed – a visa and sponsored job for his sister-in-law. I've not seen any persuasive evidence that this was the case. When reporting the claim to Monzo, I can see Mr O said he checked the website of the company that AE claimed to be affiliated with, but I've not seen anything that suggests this check confirmed or verified a connection between it and AE.

Also, it has been shared that Mr O requested a small loan from the scammer and that this was agreed. I think this ought to have been a red flag. I appreciate Mr O has referred to this building respect and creating the perception of legitimacy of the relationship, but I'm afraid I don't agree. I think, given the formal nature of the service being offered/provided that the lending of funds was an unusual factor and not the usual behaviour of a professional individual – in so far as to lend money to a customer/client. So, I think this ought to have given Mr O some pause for thought.

I recognise the strength of feeling Mr O has placed on the fact he was introduced to AE via his sister-in-law and as such, he feels that if a person is trusted by a family member that it follows it's fair to assume he would trust the person that he was introduced to by association. I've thought carefully about this, and while I accept that this will have given Mr O some reassurances, I cannot agree with Mr O that this ought to outweigh the concerns our Investigator thinks Mr O ought to have had. I'm persuaded that it is fair and reasonable of Mr O to have taken steps to have satisfied himself about AE, especially in light of the other factors/red flags that I have outlined above.

I can understand how in isolation any one of these things may not have prevented Mr O from proceeding. But when taken collectively I think there was enough going on here that he ought to have acted far more cautiously than he did and should have had significant concerns about the payments he was making. Overall, I find that Mr O ought to have done more to verify that the person he was dealing with was actually able to obtain a visa and sponsored job.

### ***Effective warnings***

I've gone on to think about whether Monzo did what was expected of it at the time Mr O made the payments. Good industry practice requires that regulated firms such as Monzo engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identifies a risk of a customer falling victim to an APP scam, it is required to provide that customer with an "effective warning".

We now know, with the benefit of hindsight, that Mr O was falling victim to a scam. But based on the information that was available to it at the time, I don't consider Monzo would've had any reasonable basis for coming to that conclusion. I say this because I don't think the payments Mr O made would have appeared so out of character or unusual. Here, the five payments Mr O made were over a period of just under a year and ranged from £50 to £2,500. While I note there were two payments (£2,500 and £2,452) made on the same day, at this point, AE was a well-established existing payee and so I'm not persuaded these would've caused Monzo concern that he was at risk of financial harm.

With this in mind, when considering the CRM Code, I don't find that Monzo was required to provide Mr O with an 'effective warning' – as defined by the CRM Code. So overall, I can't fairly or reasonably conclude that Monzo hasn't met its obligations under the CRM Code.

### ***Vulnerability under the CRM Code***

For completeness, I note that Mr O, within his submissions, has said he was particularly vulnerable at the time the scam occurred which impaired his ability to protect himself from falling victim to it. The CRM Code says that there are provisions under the Code which might lead to a refund, even when a customer doesn't have a reasonable basis for belief.

I've thought about whether there were vulnerabilities present at the time to such an extent that Mr O was unable to take steps to identify the scam he fell victim to or to recognise steps he might take to test the legitimacy of what he was being told by the scammer. To do so I must consider the details of the scam, Mr O's actions throughout, and the wider circumstances of what was happening.

Having carefully thought about this, on balance I think there is evidence within the circumstances that suggests Mr O was capable of taking steps to protect himself from fraud and financial harm. That is to say there was more he might reasonably have done that would have led to the scam being uncovered.

Based on what I've seen and been told, it also suggests that, at least to some degree, Mr O had carried out some research to check the website of the company AE said he was affiliated with. Given the nature of the service Mr O and his sister-in-law were looking for, I don't think it's unreasonable to have expected that research to have extended further than it did and, importantly, I've not seen any evidence to suggest that it would be unreasonable to have expected Mr O to have done this. I've not seen any evidence to suggest Mr O didn't have the capacity and understanding to query the legitimacy of what was being offered.

### ***Recovery of funds***

I have considered whether Monzo did all it could to try and recover the money Mr O lost once it was made aware of the scam. Monzo was limited in terms of what it could do here; it could only ask the beneficiary bank to return any money that remained in the recipient's account. It needed to make enquiries quickly for the best chance of recovery. It is common for scammers to withdraw or move the money on as quickly as possible.

In this case, I note the first payment was made in December 2022 and the last payment made in November 2023. Mr O reported the scam to Monzo in February 2024 - several months after the last payment had been made. I've seen that Monzo attempted to recover the funds and contacted the beneficiary bank the following day. Given the time that had passed since the scam payments, regardless of how quickly Monzo had acted once it was aware of the scam, I think it was unlikely of recovering Mr O's funds. In any event, the beneficiary bank replied confirming that no funds remained. It follows, that I can't see that there was anything more Monzo could have done here to recover Mr O's funds.

Whilst I'm very sorry Mr O has fallen victim to this cruel scam – and I have no doubt it's had an impact on his life both financially and emotionally, for the reasons I've explained, I don't find Monzo can fairly or reasonably be held liable for his loss.

### **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 Mr O to accept or reject my decision before 5 December 2025.

Staci Rowland  
**Ombudsman**

