

The complaint

P, a limited company, complains that Monzo Bank Ltd ('Monzo') won't refund the money they say was lost as the result of a scam.

Mrs D, a director of P, brings the complaint on P's behalf.

What happened

Mrs D found an investment opportunity online offered by an individual I'll refer to as G. G offered free advice about property investment on a social media profile.

The investment involved P and a company I'll refer to as M entering a joint venture to purchase and refurbish property. G was a director of M.

P made three payments to M for £25,000, £25,000 and £15,000.

Mrs D says the property she believed had been purchased as part of the joint venture was sold to another property investor and P didn't receive any of its funds back.

Mrs D raised a fraud claim on P's behalf with Monzo in April 2024. Monzo declined to refund P, saying P has a civil dispute with M.

Mrs D wasn't happy with Monzo's response, so she brought a complaint to our service on P's behalf.

An investigator looked into P's complaint but didn't uphold it. The investigator wasn't satisfied that P had shown they were the victim of an APP scam as defined by the Contingent Reimbursement Model Code (CRM Code).

Mrs D disagreed with the investigator's opinion and raised the following points:

- M never had any intention to purchase the property as agreed and used the funds to pay off bills and vendors. So, P's funds weren't used for the intended purpose.
- The property that was purchased was sold in February 2024.
- Other investors of M have also suffered a loss.
- P were promised a refund off the back of another deal, but that deal wasn't genuine.

Having reviewed the case, I reached the same answer as the investigator, so I wrote to Mrs D explaining why. I agreed that the evidence didn't support that P had met the definition of an APP scam. And, even if Monzo had intervened when the payments were made, I wasn't satisfied they could've prevented P's loss.

Mrs D still disagreed and raised additional points including:

- The police are pursuing this as a criminal matter.

- G was dishonest in his dealings with P and there is no evidence to show the funds were used for the intended purpose.

As the case couldn't be resolved, I've proceeded with issuing 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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely not to have happened in light of the available evidence.

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 Mrs D authorised these payments on P's behalf, although she did so not realising P would suffer a financial loss.

Why P isn't entitled to a refund 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 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".

In order to decide whether the circumstances under which P made their payments meets the definition of an APP scam, I need to consider:

- The purpose of the payment and whether P thought this purpose was legitimate.
- The purpose the recipient (M) had in mind at the time of the payment and whether this was broadly in line with what P understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

P was making payments to M in line with a joint venture agreement, which involved the purchase and refurbishment of property. I haven't seen anything that suggests P didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose M had in mind and whether it was in line with what P thought.

In reaching an answer on what purpose M had in mind, the key information is:

- M have been a UK incorporated company since June 2020 and are currently still active. Their director (G), appears to have had a social media presence for a number of years (based on Mrs D's testimony), providing advice on property investment.
This suggests that M were legitimately operating and trading for a period of time prior to P making their payments.
- The joint venture between the parties says the purpose is "planning uplift and development project on residential property registered at X address". P are saying the funds were paid as a deposit to fund the purchase of the property, but this isn't what the joint venture agreement says.
- We don't have any evidence that proves the funds weren't used for the intended purpose - which was the uplift and development of the property. This would be needed to show that the funds weren't used for their intended purpose.
- P have provided testimony and allegations against M. They say the property was sold in February 2024 to another investor, but we don't have any records which show the sales history of the property. If the property was sold by M, then this meets the terms of the joint venture, except that P haven't received the returns they were promised in the agreement. This would be a breach of contract but wouldn't mean that the payments meet the definition of an APP scam.
- We've received third party information from the receiving bank which I can't disclose due to data protection legislation. But this evidence doesn't prove the funds were taken with a different purpose in mind or used for a different purpose.
- The joint venture agreement refers to a new company being set up - with the directors of M and P being directors of the new company – M1. I can see on Companies House that M1 was set up as per the agreement.
- While there is a police investigation, there hasn't been any evidence provided that shows M's intention when the payments were made. There also haven't been any charges or convictions, and it's possible that there won't be. The police investigating isn't enough to say the definition of an APP scam has been met.
- If material new evidence comes to light at a later date, for example, as a result of the police investigation, P can ask Monzo to reconsider their claim.

Based on the evidence we currently have, I'm not satisfied that the circumstances under which P made their payments meets the definition of an APP scam. So, P's payments aren't covered by the CRM Code.

Is there any other reason I could hold Monzo liable for P's loss?

There are some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Monzo also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

However, even if I was satisfied Monzo should've intervened and asked questions about the payments, I'm not satisfied this would've prevented the payments or the loss P suffered.

I say this because all of the information that P had about M and G at the time, suggested that they were legitimate. P had received a referral from a solicitor (who I realise wasn't making the reference in a legal capacity) who had previously entered into an agreement with M. M were a UK incorporated active company since 2020 and Mrs D had been following G's social media profile for two years, prior to making the decision to invest. Mrs D also completed an online search and checked online reviews but didn't see anything concerning.

So, I'm not satisfied that the information Monzo would've been given in response to any questions they might've asked, would've suggested that P were at risk of financial harm from fraud. On that basis, I can't fairly say Monzo could've prevented P's loss.

I'm really sorry that P has suffered such a large loss, and I understand the frustration that Mrs D is feeling. But, based on the evidence, I'm not satisfied that I can fairly hold Monzo liable for P's 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 P to accept or reject my decision before 23 December 2025.

Lisa Lowe
Ombudsman