

The complaint

A company, which I'll refer to as C, complains that Monzo Bank Ltd won't refund money which C believes was lost to an Authorised Push Payment ("APP") scam.

Mrs D, who is a director of C, brings the complaint on C's behalf.

What happened

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

In or around early 2024, Mrs D was looking to expand C. Thinking that she would need professional help with this, Mrs D contacted a management consultancy firm, who I'll refer to as "H". Mrs D understood H would be able to support with almost everything to get things going, including arranging audits, shareholder agreements, marketing, accountancy and building a website.

Mrs D agreed to use H's services and over a period of four months, between January 2024 and April 2024, four payments were made to H, totalling £18,240. Two of these payments were made from C's account which was held with Monzo, with the other two payments being made from another company account held with Monzo, for a different company that Mrs D was also a director of and that was also linked to the work H was asked to do.

Details of the payments made from C are listed below;

2 April 2024	£4,800
17 April 2024	£5,280

Mrs D has said a number of meetings took place with H and she has confirmed that some work was completed. However, she became concerned when she found some of the documentation H had produced was not fit for purpose. As well as this, Mrs D has said that H had excluded her when making attempts to contact her business partners.

Mrs D has explained that after raising these concerns with H, along with other concerns relating to IT, the relationship broke down and H removed C's access to services that had been set up, such as emails and shared drives.

Believing C had been the victim of a scam, Mrs D reported the matter to Monzo. It thought what had happened was a civil dispute and so C wasn't entitled to reimbursement under the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code"). Monzo did recognise the service it provided, when looking into C's claim, could have been better and in recognition of this it awarded £50 by way of compensation.

Unhappy with Monzo's response, Mrs D brought C's complaint to this service. One of our Investigators looked into things but didn't think the complaint should be upheld. In summary, it was our Investigator's view that Monzo hadn't made an error in declining C's fraud claim.

He said this because he didn't think the evidence suggested the payments were made as the result of an APP scam.

Mrs D didn't agree with our Investigator's view. In summary, she said that H had misrepresented things which had materially influenced the authorisation of payments. She added that a director of H, who I'll refer to as "R", had repeatedly falsely presented themselves as having both a legal team and accountancy qualifications. Overall, she thought that H had set out with a deliberate intent to deceive.

As 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.

Having thought very carefully about Monzo's actions, I don't uphold C's complaint. I do appreciate how disappointing this will be for them, and I don't underestimate their strength of feeling, but I don't think I can fairly say that Monzo should reimburse them.

I'm sorry to hear of what's happened and I can understand entirely why Mrs D feels so strongly that this money should be returned to C. But not all cases where money has been lost are in fact fraudulent and/or a scam.

When considering what is fair and reasonable in this case, I've thought about the CRM Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. But the CRM Code is quite explicit that it doesn't apply to all push payments. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as 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"

Subsections (a) and (c) have been omitted as they are not relevant to this complaint.

Both Monzo and our Investigator felt the payments C made formed part of a civil dispute and, as such, were not covered by the CRM Code. Mrs D disagrees, she feels H has scammed C.

In order to conclude that the payments made were part of a scam, I'd need to be reasonably satisfied, from the available evidence, that H set out to defraud C. But I don't think, based on what I know, that I can safely conclude that. I don't doubt that C hasn't received what it expected, and it seems quite clear C has been let down by H. But that's not the same as them having been scammed.

I firstly need to consider the purpose of the payments and whether C thought this purpose was legitimate. I'm satisfied it did; Mrs D has explained that she believed the payments were for the purposes of various business/management services to assist with getting a company up and running.

Then I need to consider the purpose the recipient (H) had in mind, at the time of the payments, and whether this was broadly in line with what C understood the purpose of the payments to be. In other words, I have to consider what H's intentions were in respect of the

payments. I obviously can't know what they were for sure, so I have to look at what the other available evidence shows and use that to infer what their intentions likely were.

The threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is "beyond reasonable doubt," but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion i.e. that fraud did not occur. I've considered the evidence submitted carefully and I'm not persuaded that it does meet that standard. I'll explain why.

From what I've seen, at the time of the payments, H was, and still is, registered on Companies House and has been since 2020. The nature of the services it provided included 'Management consultancy activities and other financial management'. Importantly here, Mrs D has confirmed that some of the agreed work was done by H – and while it may not have been to the standard that C could reasonably have expected, it doesn't automatically follow that H was operating fraudulently. Rather it supports that H's intended purpose was to provide what was paid for and some sort of service has been provided. And the work that was done, I'm satisfied, is consistent with the services you would expect a company like H to provide and, more importantly, with the purpose for which C made the payments.

Mrs D has pointed out that the work wasn't to a standard that C could reasonably have expected. For example, the shareholder agreements, which Mrs D has argued were not fit for purpose. While I acknowledge Mrs D's arguments that the work was done poorly or incorrectly, that isn't, in and of itself, evidence of this being a scam. Rather, that work was carried out, albeit poorly, suggests the opposite. There would've been no obvious benefit for H to have undertaken any such work had it intended to defraud C, rather it would be more typical for a fraudster to have taken the money and provided no service at all. And so, the fact that some agreed work and services were completed supports that this wasn't a scam.

As well as this, there are other factors which don't support that H set out with the intent to defraud. Open-source research points to there being some reviews posted online of H, with more positive reviews, than negative. That evidence can only provide part of the picture, but it is instructive here. It also appears to me, from looking at the evidence, that C was initially satisfied with the progress that H was making and with the work being carried out, which again lends weight to H's intent being to provide the service/goods that C had paid for.

There are a number of potential reasons (other than an APP scam) for a breakdown in a relationship between two parties and for a dispute to exist. Unfortunately, companies will sometimes fail to deliver a satisfactory service, or quality of work (or both). But that doesn't necessarily amount to evidence of an intent to commit a criminal APP scam from the outset. And, as mentioned above, being dissatisfied with a supplier is not a scenario that is covered by the CRM Code.

I'm mindful that Mrs D has suggested R was in some way acting illegally with some of the claims they made about their qualifications, and she has said matters were reported to the police. But I'm not aware of any ongoing criminal investigation. It's worth noting that if there was a live investigation, I acknowledge that this would give the appearance, to the layman, to be proof C has been the victim of fraud—as it implies that the police have taken the matter seriously enough to pursue this course of action. However, the purpose of an investigation is to gather evidence. And that will likely go toward investigating the accused's intent at the time; the result of which may or may not lead to a prosecution. So, it doesn't automatically follow that, even if there was an investigation, it would mean that a fraud has taken place.

I also want to make it clear that this decision should not be interpreted as a categorical or definitive conclusion that C was not the victim of a scam. It remains a possibility that it was. However, overall, I am not persuaded that there is sufficiently strong evidence that H defrauded C and my role requires me to base my findings on the evidence that is available to me. After carefully reviewing all of the material presented and considering the circumstances in detail, I am not satisfied that the high threshold for fraud discussed above has been met in this particular case. If new, material evidence emerges in the future, C would be entitled to raise a new complaint with Monzo.

I appreciate how frustrating and disappointing this answer will be. C has been left out of pocket. But I can't exclude the possibility R and his company, H, entered the agreement in good faith, intending to carry out the agreed work (as reviews suggest H had apparently done for other customers previously). The CRM Code isn't a general protection for consumers and doesn't cover situations where a customer has paid for goods/services that they don't receive or don't meet their expectations. This could amount to potential breach of contract, which is a civil issue. That means that I can't fairly hold Monzo responsible for reimbursing C the money it paid to H.

Finally, I note that Mrs D has already taken steps in instructing solicitors, who, from the correspondence I've seen, have been in contact with H. It is therefore worth noting that C doesn't have to accept any of the findings in my decision, and if it doesn't they won't be binding on them. Subject to any time limits or other restrictions a court might impose, C's right to pursue a legal remedy or a resolution through alternative means, won't have been prejudiced by our consideration of this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 31 December 2025.

Stephen Wise
Ombudsman