

The complaint

Miss L is unhappy Monzo Bank Ltd ("Monzo") hasn't offered her a refund after she complained about being the victim of a scam.

What happened

Miss L found a company that offered cosmetic treatments online. For the purposes of this decision, I will refer to this company as "R".

Miss L arranged an appointment with R and on 9 October 2024 made a payment of £800 to R's account to pay for the treatments she required.

Miss L says she received some of the treatments she paid for but they weren't carried out to the correct standard. Miss L says when she informed R about this, it failed to respond appropriately or offer her the appropriate aftercare. Miss L then attempted to contact the doctor who had performed the treatments but didn't get a response. Eventually, she was told that the business had ceased trading and Miss L was blocked from contacting R. This ultimately meant she couldn't receive the aftercare she required or the remainder of the treatments she had paid for. Miss L now feels R has scammed her and so she reported what had happened to her to Monzo.

Monzo didn't agree to offer Miss L a refund of the amount she had paid. It said it didn't think she had been the victim of a scam. It thought her circumstances amounted to a private civil dispute with R about the quality of the service that she had received and the fact that she had only received some of the services she had paid for, rather than a scam that Monzo should become involved in now.

Miss L disagreed with what Monzo said and she brought her complaint to this service. At this point, Miss L told us she suffered from some mental health conditions which sometimes caused her to spend impulsively. For this reason, Miss L said Monzo should have contacted her to discuss the payment with her but it allowed it to go through and, if it had, this likely would've caused her to think twice about the purchase she was making.

One of our investigators looked into Miss L's complaint but they didn't recommend it be upheld. The investigator agreed this was most likely a civil dispute between Miss L and R, rather than a scam. They acknowledged that R may well have treated Miss L poorly after her initial procedure, but she had received some of the treatments she had paid for – although the service received may have been substandard and the aftercare non-existent.

Miss L didn't agree with the investigators findings and she said she didn't think her ongoing mental health conditions had been taken into account. She asked for her case to be reviewed by an ombudsman so the case has been passed to me to decide.

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 agree with the outcome reached by our investigator, for largely the same reasons. I'll explain why in more detail below.

The APP Scam Reimbursement Rules

The Payment Systems Regulator introduced the APP Scam Reimbursement ("ASR") rules on 7 October 2024 to reimburse consumers who are the victims of APP scams in certain circumstances. However, the rules only apply where the customer has been the victim of an APP scam, which the rules define as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended"*

Private civil disputes are not covered by the rules. The term private civil dispute is defined in the rules as:

"A dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty."

The Payment Systems Regulator in its published policy statement PS23/3 gives further guidance:

"2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."

It provides an example of when this might apply:

"...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier."

In light of the above, I have gone on to think about whether I can fairly and reasonably say Miss L has been the victim of an APP scam or whether it was reasonable for Monzo to deem Miss L's circumstances a private civil dispute between her and R. I'm satisfied it was fair and reasonable for Monzo to reach this conclusion. I'll explain why in more detail below.

I'm not persuaded Miss L has been deceived, persuaded or manipulated into making a payment that wasn't for the purpose she intended. For Miss L to have been the victim of an APP scam, she must have been deceived about the very purpose for which her payment had been procured. Here the purpose of the payment was to purchase some cosmetic treatments and Miss L did receive some of the treatments she paid for. However, her relationship with R later broke down when Miss L complained about the quality of the

treatments and the poor aftercare she received. And whilst this clearly would be upsetting and disappointing for Miss L, it doesn't mean that she has now been the victim of a scam.

So, whilst I understand that Miss L is unhappy with quality of the procedures she received and her treatment thereafter and she may well have a genuine dispute with R over the quality of the procedures she received, her circumstances are primarily a civil and contractual dispute between two parties – for the quality of goods and services received. Which is specifically excluded under the ASR.

As Monzo didn't need to consider this as an APP scam, it didn't need to go on to contact the recipient account provider and it didn't need to intervene with the payment before it was processed either. Furthermore, even if Monzo spoken with Miss L before the payment left her account, I don't think it would have made a difference given that Miss L was apparently engaging with a legitimate business to arrange cosmetic treatments. And there wouldn't have been anything concerning about this that meant Monzo should've refused to make the payment on Miss L's behalf. I'm not persuaded Monzo could or ought to have known that Miss L would end up suffering a loss here. I've seen no other reason to recommend that Monzo offer Miss L a refund of the amount she paid for the cosmetic treatments. I'm satisfied that Monzo correctly considered Miss L's claim.

Finally, I want to assure Miss L that I have taken onto account what she's told about her ongoing mental heath conditions when deciding this complaint. I want to thank her for being so open and honest with us. I know this was likely upsetting and difficult for her to do. I don't doubt what she's told us about her mental health conditions playing a role in her making the decision to make this payment/purchase. But I can't ask Monzo to refund her losses for this reason alone. The rules surrounding this payment don't allow me to do this. I can only recommend that Monzo offer Miss L a refund if I'm satisfied that she has been the victim of an APP scam, and I'm not persuaded that this is what has happened here.

So, whilst I sympathise with the position Miss L has found herself in, I don't think Miss L's circumstances meet the high legal bar for this to be a scam and because of this, I don't think it would be fair to hold Monzo responsible for the money she lost now.

My final decision

My final decision is that I do not uphold this complaint about Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 19 December 2025.

Emly Hanley Hayes
Ombudsman