

The complaint

Mr A is unhappy that Monzo Bank Ltd failed to refund his lost funds after he fell victim to what he argues was an authorised push payment (APP) scam. He is also unhappy with the service Monzo provided.

What happened

The details of this complaint are well known to both parties and so I will only give a summary here. Mr A purchased an item for £400, which he was led to believe was in perfect condition, advertised on a well-known platform. He completed the purchase via faster payment directly with the seller. However, upon receipt of the item discovered it was faulty and reported this to the seller. The seller subsequently ceased all contact and blocked him.

Mr A then contacted Monzo to request that it recover his money. Monzo asked Mr A to send his evidence via the app, however Mr A challenged this as he wanted to send it via email instead. He says he was informed he had to send it via phone and he claims this amounted to discrimination. Subsequently, he then received a message saying his situation was a civil dispute which he believes is unfair as he was yet to submit his evidence.

Mr A also says Monzo failed to provide him with a call back from a manager, despite his multiple request for one. In total he believes he was passed between circa 15 advisors who all gave him conflicting information and failed to resolve his scam issue. Mr A says he raised a complaint which was then not reviewed within the expected deadlines. He also says they did not respond to his Data Subject Access Request (DSAR). Mr A states this whole process has impacted his mental health.

In resolution of his complaint Mr A is seeking a full refund of the disputed amount (£400) and compensation for his emotional distress, inconvenience and mishandling of his complaint.

Monzo has informed us that Mr A's situation is more a civil dispute than a scam. But, it does accept some failings occurred with its service.

Our Investigator reviewed Mr A's complaint and was also of the opinion this was more a civil dispute than a scam. Therefore, they did not find that Monzo had acted unfairly by not refunding him. However, they did agree some service failings occurred and awarded Mr A £150 for the distress and inconvenience caused.

Monzo agreed with this outcome, but Mr A disagreed and has asked for an Ombudsman to review the complaint. The case has been assigned to me to issue the 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't

because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I have kept in mind that Mr A made the payment himself and the starting position is that Monzo should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made. In line with this, Monzo ought to have been on the look-out for the possibility of fraud and made additional checks in some circumstances. Mr A says he's been the victim of a scam and that Monzo ought to have intervened on the payment he's now disputing.

However, considering Mr A's payment, I would not have expected Monzo to have intervened and prevented him from making it. This is not a particularly large transfer and it's not unusual for account holders to use their accounts for such amounts. A payment of such an amount in isolation of any wider red flags does not have the common hallmarks of a scam.

Considering the wider circumstances of Mr A's complaint I am partially upholding it. My findings are as follows:

- Monzo, although not a signatory, has committed to applying the voluntary Contingent Reimbursement Model (CRM) Code - which provides additional protection to scam victims.
- To determine if Mr A has been the victim of a scam, I have to consider if his intended purpose for the payments was legitimate, whether the intended purposes of Mr A and the seller were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the seller. With this in mind, I do not think Monzo has unfairly categorised Mr A's situation as a civil dispute, compared with fraud or a scam. Ultimately, Mr A purchased the item following negotiations with the seller - subsequently receiving the item in exchange for payment. The purpose individually, and between both parties, was broadly aligned. The dispute which then occurred was in relation to allegations of the condition of the item not being as described. Such a dispute between parties does not automatically mean Mr A has been the victim of fraud, or a scam.
- DS2(2)(b) of the Contingent Reimbursement Model (CRM) Code does not apply to: 'private civil disputes, such as where a customer has paid a legitimate supplier for goods... but they are defective in some way, or the Customer is otherwise dissatisfied with the supplier'. Mr A's particular dispute falls within this exclusion within the CRM Code - and so I cannot fairly say Monzo has to refund Mr A under the CRM Code where it does not apply.
- However, I do think Monzo could have ensured Mr A did understand, even without his additional evidence, that its review was taking place. Therefore, I can appreciate why he reached the conclusion Monzo had proceeded without sufficient due diligence. But, even had Mr A supplied additional evidence I am not persuaded this would have changed Monzo's findings - as the core of the dispute would have still been about the condition of the item received.
- Monzo does seem to have attempted to recover the funds from the receiving account, but no funds remained. Such an attempt was fair and I do not think there was anything further it could reasonably have done.
- I do not agree that Mr A received conflicting information after conversing with around 15 advisors. Monzo's system allows available agents to respond in the chat from where a conversation is left by a previous agent. Arguably this means that

conversations within the app progress at a reasonable speed, compared with waiting for one individual agent to always be available.

- I do not think Monzo was trying to evade completing Mr A's requests in order to cause him additional distress or inconvenience. Nor do I think they were abusive towards him. Monzo did apologise when Mr A raised his frustrations. Albeit I do not dispute this was a difficult situation for Mr A, I will add that when parties communicate with each other I would expect both to act with a certain level of decorum and mutual respect.
- Monzo did fail to action Mr A's DSAR – which it does not dispute. Considering the impact the wider situation had on Mr A I do think that this would have caused him additional distress and inconvenience, in an already challenging time. Monzo has confirmed it is / has now started the process and has / will be reaching out to Mr A to complete an ID verification.
- Similarly, I do think Monzo could have actioned Mr A's request for a call back from a manager at the time. As I've highlighted above, this was clearly a situation which was causing Mr A distress. Therefore, rather than seeking additional confirmation from him prior to arranging the call I do think that the call could have just been requested. A call sooner may well have resolved and alleviated Mr A's concerns.
- I also agree that Monzo could have acknowledged and proceeded with Mr A's complaint in a timelier manner – after raising his concerns on 24 July 2024 this did not occur until 13 August 2024. Although Monzo did apologise for the delay in responding, I do appreciate the additional impact this appears to have had on Mr A.
- I've noted Mr A says he feels Monzo has discriminated against him when asking him to send his evidence via the app. I appreciate Mr A feels this way but having looked at all the evidence I don't think Monzo has done so. Nor do I think Monzo acted unfairly or unreasonably. Although Monzo originally requested the information via the app it did then share, after Mr A challenged it, an email address he could use. So, it seems like Monzo's default option is to request information via the app, but where an account holder requests to send information another way it does offer one. I don't think it acted unreasonably here.

Overall, I agree with our Investigator that the award of £150 in the view is reasonable for the failings that did occur. I do not doubt this has had a significant impact on Mr A, but it would not be fair of me to award a higher compensatory award where the evidence does not reflect all of Mr A's allegations. However, I hope that it helps Mr A to know that someone impartial and independent has looked into his concerns.

My final decision

For the reasons given, my final decision is that I partially uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 October 2025.

Lawrence Keath
Ombudsman