

The complaint

Mr L is unhappy that Monzo Bank Ltd ('Monzo') has decided not to refund the money he lost, to what he believes was an authorised push payment ('APP') purchase scam.

What happened

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

Mr L was looking to buy a folding bicycle and came across an individual selling a second-hand one on a well-known social media, lifestyle and e-commerce platform.

Mr L paid £725 for the bicycle and while he received the bicycle, he subsequently discovered that it was not manufactured in 2018 as he was led to believe but was a 2009 model. Mr L also says the bicycle wasn't in the condition as described, explaining that there were several parts detached, worn out, or being non-functional.

Mr L sought a refund, but the seller declined reimbursing him, so he reported the matter to Monzo as he considered he had been the victim of a scam and wanted to be reimbursed his funds.

Monzo considered the matter under the Faster Payment Scheme Reimbursement Rules ('Reimbursement Rules').

The Reimbursement Rules require Payment Service Providers ('PSPs') such as Monzo to reimburse APP scam victims in all but a number of limited circumstances.

Monzo concluded that this was a buyer/seller civil dispute rather than a scam. As it concluded Mr L wasn't the victim of a scam, it didn't consider it was liable to reimburse Mr L under the Reimbursement Rules.

Unhappy with Monzo's response, Mr L referred his complaint to our service. One of our Investigators looked into the complaint and didn't recommend it should be upheld. In summary, our Investigator thought Monzo had acted fairly in reaching the decision it had.

Mr L disagreed with the Investigator's opinion. He believes that he has been scammed and should be refunded under the Reimbursement Rules.

In summary, Mr L considered:

- He was deceived about the purpose of the payment – as he made payment for 2018 model of the bicycle and not a 2009 model (which he received). The seller fraudulently misrepresented the fundamental attributes of the bicycle (the production year and its condition).
- The payment was based entirely on this fraudulent representation.
- The seller's refusal to resolve the issue or accept responsibility further underlined the deceptive nature of the transaction.

- Receiving an item does not automatically rule out fraud.
- It is not a dispute about the quality of the bicycle – but a case of misrepresentation/deception that deceived him to make a payment, which aligns with the definition of an APP scam under the Reimbursement Rules.

So, as an agreement hasn't been 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.

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 focussed on what I think is the heart of the matter here which is whether Monzo acted fairly in its answering of Mr L's complaint. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. 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'm very sorry to hear of what's happened to Mr L. I can see he feels strongly about what has happened. But having considered everything, I can see no basis on which I can fairly require Monzo to refund the money Mr L sent. I can appreciate that this outcome is not the one Mr L was hoping for, and I can understand why he wants to try and recover this money. But having thought about Monzo's actions, I am unable to say it has responsibility for refunding the money Mr L sent. I will explain why.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The starting position in law is that Mr L will generally be considered liable for authorised payments. It's accepted that he authorised the payment in dispute and so he is liable for it in the first instance.

However, as alluded to earlier, a relevant consideration in this case is the Reimbursement Rules which came into force on 7 October 2024 and apply to all UK-based PSPs.

The Reimbursement Rules put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme, in all but very limited circumstances.

And the Reimbursement Rules set out the requirements for a payment to be covered. They state:

“...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);”

An APP scam is further defined 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 also not covered by the Reimbursement 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.”

Our Investigator wasn't persuaded that what had happened to Mr L amounted to an APP scam as defined by the Reimbursement Rules.

Mr L strongly disagrees. He feels the seller has scammed him. From what I have seen, I accept Mr L did not receive a bicycle that was the model from the year he was expecting, nor was the bicycle in as good a condition as he expected. It is quite possible the seller knew this prior to making the sale and therefore it may have been deliberately misrepresented to Mr L. There is also a possibility that the seller buys and sells lots of items and didn't know the date the bicycle was manufactured. I suspect on balance; it is the former. But despite this, I don't think I can fairly say that the situation Mr L finds himself in is an APP scam as defined by the Reimbursement Rules. I think Monzo's conclusion that the payment Mr L made is not covered by the Reimbursement Rules was fair.

I can appreciate why Mr L feels he has been deceived. But I am mindful that Mr L did receive a bicycle for the money he paid – so he sent the funds to purchase a bicycle, and the payee/seller sent him a bicycle in exchange, which demonstrates both parties had, broadly speaking, the same purpose for the payment in mind. I am also mindful that the seller did provide the bicycle, whereas a fraudster would typically advertise an item that they never physically owned and would simply take the money without delivering the item.

Mr L says the purpose of the payment was to buy the bicycle that was advertised to him and not to buy an older model in poor condition. The seller may arguably have misrepresented the model and condition of the bike – and potentially even fraudulently, which could meet the definition of fraud as set out within 'The Fraud Act 2006'. However, that in and of itself, isn't enough to say that Monzo are liable to reimburse him. For me to say that Monzo would be required to reimburse Mr L – the definition of an APP scam as set out within the Reimbursement Rules needs to be met. The definition is that “... *The payment is not for the purpose the Consumer intended.*” Here Mr L made a payment with the purpose being the purchase of a bicycle and while it wasn't the model he expected, he received a bicycle from the seller, despite the seller mis-representing the model and overall condition.

Overall, the purpose that Mr L made the payment, and the purpose the seller received the payment, match. So, while there was arguably fraudulent misrepresentation on the seller's part, what happened doesn't meet the definition of an APP scam as set out in the Reimbursement Rules.

Mr L has my sympathies, in that he purchased a bicycle that wasn't the model or in the condition he expected. But here I am considering whether it was fair for Monzo to decline reimbursing him under provisions of the Reimbursement Rules. And based on the evidence available I'm satisfied Monzo acted fairly in declining reimbursement. Here the payment purpose was for a bicycle and Mr L received a bicycle – so his payment was for the purpose he intended. And as I'm not satisfied the payment Mr L made meets the definition of an APP scam, then the concerns Mr L has around the misrepresentation and condition of the bicycle

amount to a civil dispute between Mr L and the seller. I also can't see any other grounds on which I could say that Monzo should fairly and reasonably bear the responsibility for refunding Mr L.

My final decision

For the reasons explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 February 2026.

Matthew Horner
Ombudsman