

The complaint

Mr D complains that Monzo UK Bank Plc ('Monzo') won't reimburse the funds he lost when he says he fell victim to a scam.

What happened

Mr D says that he saw a listing on a property website about an investment relating to a holiday lodge in a park. He contacted the property investment consultancy firm involved and found out more about it.

In October 2021 Mr D made a payment of £25,000 to a company I'll call B in this decision. Mr D understood he would receive a return of 9% for five years, at which point his funds would be returned together with a 10% capital uplift.

Between January 2022 and April 2024 Mr D received returns. A company linked to B, which I'll call A, then went into administration in May 2024.

Mr D instructed a professional representative to complain to Monzo on his behalf in December 2024. He said that B operated a scam, and he has lost £19,409.02.

Monzo said it followed its internal processes and wasn't responsible for Mr D's loss.

Mr D was unhappy with Monzo's response and brought a complaint to this service. He said he should be reimbursed under the Contingent Reimbursement Model Code ('CRM Code') and that Monzo should have taken additional steps when he made out of character payments.

Our investigation so far

While Mr D's complaint was with this service, his representatives sent a significant amount of information setting out why they believe Mr D is the victim of a scam. I have summarised the main points below:

- The administrators of A have verbally stated that:
 - o The scheme bears the hallmarks of a sophisticated investment scam.
 - o This service's comment that investors' funds were mainly used for purposes consistent with property development doesn't match the administrator's experience.
- There are significant questions about where investors' money has gone and what it was used for, particularly in respect of funds that went to a company I'll call BW. Over £5million of investors' funds were paid to BW and have disappeared. Mr D's representative says that the administrator of A says these funds weren't used for their intended purpose.
- In brochures and other material, investors weren't told the truth about planning permission, which didn't exist at all for one site and was only in place for a small number of lodges at another site.
- Those behind the scenes (rather than introducers/advisers involved) set out to create the false impression that investors would own the land and the lodge built on it, which was never the case. Brochures refer to the investments being asset-backed, and

many investors were told by companies that arranged the schemes that they would own the lodge and the land it was built on.

The investigator who considered this complaint didn't recommend that it be upheld. In summary, he said that there wasn't currently enough evidence to conclude this was an APP scam as set out in the CRM Code. As a result, the investigator said Monzo acted reasonably in concluding Mr D has a civil dispute with B. But the investigator recognised there are ongoing investigations that may result in new evidence coming to light which Mr D could ask Monzo to consider.

Mr D, through his professional representative, didn't agree with the investigator's findings.

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.

I'd like to make it clear that although I haven't commented on each point raised by Mr D, I have carefully considered all his submissions.

It isn't in dispute that Mr D authorised the payments I have been asked to consider. Because of this, the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions. But where the consumer made payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for their bank to reimburse them even though they authorised the payment.

Monzo is a signatory to the CRM Code. Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have considered whether Mr D's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes.

It is for Mr D to demonstrate that he is the victim of an APP scam.

To decide whether Mr D is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payment and whether Mr D thought this purpose was legitimate.
- The purpose the recipient (B) had in mind at the time of the payment, and whether this broadly aligned with what Mr D understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mr D understood that he was making an investment in the development and operation of a holiday lodge park in Scotland. Nothing I have seen indicates to me he did not think this was a legitimate venture.

I've gone on to consider what purpose B had in mind for the payments it obtained from Mr D. In reaching an answer on what purposes B, and its linked companies, intended, the key information I've considered is as follows:

- B and linked companies owned sites and either had, or sought, planning permission to build and develop holiday lodges on these sites, and lodges were built. This suggests that B and the other companies had a genuine intention to build and/or develop the sites.
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I haven't been provided with evidence to show that the funds weren't, in the main, used for business purposes. Mr D's representatives say they have verbal evidence from the administrator of A that this wasn't the case. Whilst I have no reason to doubt the testimony of Mr D's representative, I am conscious that they are asking me to reach a decision that it's more likely than not that B operated a scam on the basis of verbal comments I haven't heard and in respect of which I have no context.
- Many of the submissions made by Mr D are about representations made to investors prior to taking out their investments. Whilst some misrepresentations may have been made. I don't think this speaks to the intention of B and the other companies involved, including whether they sought to defraud their investors. Misrepresentations made before an investment is entered into wouldn't automatically mean that Mr D's payments would meet the definition of an APP scam, this would only be the case if these misrepresentations directly related to the purposes of the payments Mr D made.

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved and the police. Given the breadth of these investigations, it's difficult for me to be certain that all the available evidence has been obtained from all parties and that all the information relevant to this complaint has been reviewed before I issue my decision.

The investigations haven't yet drawn definitive conclusions as to whether the relevant companies, or their directors, have acted fraudulently. Mr D's representative has referred to comments made by the administrator, but I don't have evidence yet and I think it's premature to draw conclusions. For completeness, I should also say that fraudulent activity by the companies or their directors may not automatically mean that Mr D's payments would then meet the definition of an APP scam, given any activity found to be fraudulent may be unrelated to the purpose for which investors' funds were obtained, and instead relate to other activities carried out by the companies.

I'm sorry Mr D has lost such a lot of money. But many businesses fail and enter into administration for genuine reasons, rather than because they were set up to defraud and scam people. Based on what I have seen, I can't fairly say that an APP scam is the more likely scenario here. Mr D made payments towards a holiday lodge scheme that was purporting to develop the site and rent a lodge. The evidence I've seen doesn't sufficiently demonstrate that B didn't intend to complete the developments and rentals at the time the payments were made. Because of this, I'm not satisfied that Mr D's claim meets the CRM Code's definition of an APP scam.

If material new evidence comes to light, for example following the completion of investigations by the administrators or the police, Mr D can ask Monzo to reconsider his claim.

I've gone on to consider whether Monzo could have done more to prevent Mr D's loss at the time the payment was made. I think the payment was unusual given Mr D's usual account activity. But I can't uphold Mr D's complaint solely on the basis I haven't seen evidence that Monzo intervened. I need to consider causation – whether suitable intervention would have made a difference to Mr D's decision making, or Monzo could have reasonably prevented the loss. In deciding this, I need to consider the information that was available at the time the payment was made.

I'm not persuaded that if Monzo asked Mr D the kind of questions I'd expect it to in October 2021 it would have had any concerns, or that the payment would not have been made. B was a registered company that was paying returns to other investors, detailed documentation was provided, and there was nothing in the public domain at the time to suggest Monzo should have been concerned that Mr D might be falling victim to a scam.

Overall, whilst I recognise that Mr D will be very disappointed with my decision and that he has lost a substantial amount of money, I'm not persuaded he is the victim of an APP scam covered by the CRM Code, or that Monzo should have prevented the payment from being made.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 December 2025.

Jay Hadfield
Ombudsman