

## The complaint

Mr S complains that Monzo Bank Ltd (“Monzo”) won’t refund him money, which he says he lost to a scam.

In bringing his complaint to this service Mr S is represented, but for ease of reading I will refer to Mr S, throughout this decision.

## What happened

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

In or around August 2023, Mr S has said he heard about an investment opportunity, through a well-known social media platform. Mr S expressed an interest and was then contacted by an agent of a company, that I’ll refer to as ‘C’. The agent spoke to Mr S about the investment opportunity, explaining that a broker would be assigned to him and provide advice on what he should invest in.

Believing everything to be genuine, Mr S decided to proceed and between August 2023 and September 2023 he made numerous payments, totalling over £20,000, from his account with Monzo. Our Investigator provided a detailed breakdown of these payments within their view, so I won’t repeat them all again here. The scam saw Mr S making the majority of the payments, by way of card, to a company I’ll refer to as ‘P’ for the purchase of gold. Alongside this, Mr S made a further card payment to a company I’ll call T (he later received a return from this company), as well as making two faster payments to an individual, I’ll refer to as “J”.

Mr S became concerned after logging on to his trading account and seeing his balance had been drained. The agent of C suggested to Mr S that he needed to put further funds into his account to offset the loss and when Mr S explained he didn’t have the money, C’s agent suggested an option was for Mr S to take out a loan. Mr S followed these instructions. But after sending more money he could no longer access the account and communication with the agent stopped. Leading Mr S to believe that he had been the victim of a scam.

Mr S raised the matter with Monzo, but it didn’t think it was liable for refunding him the money he had lost. In summary, it said the merchant Mr S had sent his money to, P, was legitimate. But in any event, it said it needed further evidence from Mr S before reaching an outcome.

Unhappy with Monzo’s response, Mr S brought his complaint to this service. One of our Investigators looked into things but didn’t think the complaint should be upheld. In summary, in respect of the payments Mr S made to P, while our Investigator didn’t rule out the possibility that Mr S had been the victim of fraud, based on the evidence she didn’t think she was able to conclude the payments were fraudulent.

She said this because it appeared that P was a legitimate company and that Mr S had received the gold he had paid for (into an account in his own name, with the physical gold

being stored by P). Our Investigator acknowledged that Mr S no longer held the gold in his name, with screenshots from P supporting this and indicating that ownership was transferred to business networks appearing to be associated with C. However, she explained there was insufficient evidence for her to be sure of why this happened, or where the gold, or its subsequent value is.

Alongside this, our Investigator explained that even if she concluded Monzo ought to have recognised the payments Mr S was making carried a heightened risk of fraud, she didn't think a proportionate intervention from Monzo would have made a difference. This was because she thought there would have been evidence that would have assured Monzo that the payments were going to a genuine company, such as Mr S having invoices and that Monzo would have been able to see that the Merchant Category Code (MCC) for P matched the payment purpose, being for precious stones and metals.

In respect of the payment that Mr S made to T, our Investigator didn't think there was sufficient evidence to conclude that this payment was made as the result of a scam.

Finally, regarding the faster payments Mr S made, to J, our Investigator thought that, although Mr S hadn't provided much by way of explanation about these payments, it was more likely than not these were made in relation to a fraud. Therefore, she thought the 'Contingent Reimbursement Model Code' ('CRM Code') was an applicable consideration, for these payments. This was a voluntary code that was in force at the time the payments were made and to which Monzo, while not a signatory, had agreed to follow the principles of. The CRM Code required firms to reimburse customers who had been the victims of APP scams in all but a limited number of circumstances.

Having considered Monzo's obligations under the CRM Code, our Investigator didn't think it was responsible for refunding Mr S his loss. In summary, she didn't think Mr S had a reasonable basis for belief when making the payment and she didn't think Monzo had missed an opportunity to provide Mr S with an effective warning.

It is worth noting that the 'Definitions and Scope' of the CRM Code set out that it is in relation to payments that are 'a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer'. Card payments aren't covered by the CRM Code, so the payments Mr S made by card to a merchant (payments to P and T) aren't covered by the provisions of the CRM Code, which means it isn't an applicable consideration to those payments, but only to the faster payments Mr S made.

Mr S didn't agree with our Investigator's view. In summary he considered there was a pattern of fraud on his account which warranted intervention. He also thought that had Monzo intervened it would have made a difference and stopped him from making the payments.

As agreement couldn't be reached the complaint has been passed to me for a 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.

Having thought about everything carefully, I agree with our Investigator, and I don't think Monzo is responsible for refunding the money Mr S sadly lost. I know this isn't the outcome that Mr S would have hoped for, I don't underestimate his strength of feeling, and I know this will come as a disappointment to him, so I'll explain why.

### *Payments to P*

While I appreciate that Mr S has said he fell victim to a scam, the evidence he's provided doesn't give me any certainty around what level of financial loss has been suffered and how it was suffered.

I'm mindful that Mr S has said he thought he was investing in shares, rather than gold. Unfortunately, there appears to be gaps in the evidence Mr S has provided, of communications he had with C's agents – with messages he has shared only seemingly covering later interactions. I appreciate there has been some time between the payments being made and Mr S bringing the complaint to this service, and I don't doubt this would have made it even harder for Mr S to produce appropriate evidence.

Having thought carefully about the evidence *I do have*, I'm persuaded it supports that Mr S ought reasonably to have known his payments were going towards gold. I say that as Mr S received invoices/receipts for the payments he made, which were clearly branded as being related to gold and provided details of the weight of gold that had been purchased and that it would be stored on Mr S' behalf. Mr S also had an account in his own name with P, which he's shown he had access to.

Mr S has said the gold is no longer held in his account with P, and I'm satisfied that the evidence provided supports this and that the ownership of the gold appears to have been transferred to C, or to accounts associated with it. However, the evidence in relation to this is insufficient for me to have adequate clarity around how or why this happened.

But in any event, and I think it's important to note this for the purpose of this decision, even if I did consider there was sufficient evidence to demonstrate and have clarity around the loss Mr S has suffered and how this came about, I don't think there would be grounds for me to fairly and reasonably hold Monzo liable for his loss.

I say that as in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Monzo) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

When considering this, I'm mindful that banks, such as Monzo, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

I don't doubt the payments represented a lot of money to Mr S. But when compared with other payments that Monzo processes daily, in the individual circumstances of this case I wouldn't have expected a proportionate intervention from Monzo to have gone any further than for it, through its automated systems, to have checked that it was Mr S who was making the payments. Which, I'm satisfied Mr S would have responded positively to and confirmed it was him.

I say that having considered that the other evidence Monzo would have had available to it, wouldn't have given it any further concern. Such as the MCC of the accounts Mr S sent his payments to being aligned with the purpose of the payments Mr S was making, for '.... precious stones and metals'. So, even if Monzo's intervention had gone as far as asking Mr S for the purpose of his payments, given I think it more likely than not he would have been aware that the payments were for the purchase of gold, I don't think there would have been any obvious concern for Monzo.

Alongside this, while I recognise this is not the case now and there has subsequently been a Financial Conduct Authority warning added about C, at the time there wasn't any adverse information concerning C or P.

I'm mindful that the value of some of the later payments Mr S made was higher. However, given the payments were made over a number of weeks, by the time these later payments were made P had become an established payee. In consideration of this and given what I've explained above about the legitimacy of P, I wouldn't have expected these later payments to have triggered any more extensive interventions by Monzo.

All things considered, I don't think Monzo made an error in allowing the payments to P to be progressed.

I've gone on to think about whether Monzo could have recovered any of the funds Mr S sent to P, after he'd raised his fraud claim. Given the payments here were made by card, I've considered whether the chargeback process was an option for Mr S. A chargeback is a voluntary scheme run by card scheme providers. It arbitrates on disputes between a customer and a merchant where they haven't been able to resolve matters themselves. The arbitration process is subject to the rules of the scheme and there are only limited grounds on which a chargeback can be raised. Chargebacks raised outside of these grounds are deemed invalid.

The records here show that Mr S moved the money to a genuine merchant. The merchant Mr S paid provided the service asked for, the provision of gold, therefore there are no chargeback rights under the scheme and no prospect of a successful recovery.

#### *Payment to T*

I agree with our Investigator and for broadly the same reasons. In that the evidence provided is insufficient to fairly say that the payment to T was made in relation to a scam.

Mr S hasn't provided any evidence to substantiate what the payment to T was for and there is no evidence of any communications between Mr S and T, nor anything to demonstrate that T is in some way linked to C.

Mr S hasn't provided any explanation as to what service he was expecting T to provide. Alongside this, I can see that Mr S did receive some money back from T, but similarly from the evidence available I'm unable to determine any explanation as to why Mr S received this return.

Overall, there is insufficient evidence for me to reasonably conclude that the payment Mr S made to T was in relation to a scam. It follows that it would be unfair of me to say Monzo could have reasonably prevented any loss here or ask Monzo to refund this payment to Mr S.

#### *Payments to J*

Similar to the payments that were made to T, the evidence provided by Mr S around why the payments were made to J is inconclusive. There is little by way of explanation for the payments and it's unclear whether this is linked to C.

However, based on the evidence that is available, I'd agree with our Investigator that these were likely made as the result of fraud. I say that as it appears these payments were made in relation to 'loan fees'. But I'm not persuaded any legitimate loan company would ask a customer to make payments to a personal account in relation to fees.

So, I've gone on to consider whether Monzo is responsible for refunding Mr S his loss for the payments he made to J.

As mentioned earlier in this decision, the payments to J were covered by the CRM Code. Under the CRM Code, there is a presumption that firms should reimburse customers who fall victim to authorised push payment (APP) scams in all but a limited set of circumstances. A firm can choose not to reimburse a customer where it can show that one of the exceptions applies. The most applicable exceptions in the circumstances of this case are that the customer:

- ignored an effective warning by failing to take appropriate actions in response to such an effective warning; and/or
- made the payment without a reasonable basis for believing that ... the person or business with whom they transacted was legitimate

After reviewing the available evidence, I believe Mr S genuinely trusted that this was a legitimate investment, and I don't doubt he believed the payments he was making to J were in relation to loan fees. However, I am not persuaded that his belief when making the payments to J was a reasonable one.

I say that as the premise of being asked to pay fees to release a loan is an unusual one. It was also questionable as to why Mr S would have needed to pay the fees, given he was told that they would be returned to him within an hour.

Alongside this Mr S was asked to make the payments to a personal account. As I've alluded to above, I wouldn't expect a legitimate loan company to have fees paid into a personal account. As well as this the individual Mr S paid seemingly was completely unrelated to the company he thought he was dealing with.

It's arguable that, when taken in isolation, any of these things may not have stood out to Mr S, such that they would have prevented him from continuing with the payments. However, when taken collectively I'm persuaded there was enough going on that Mr S ought fairly and reasonably to have suspected that things weren't as they seemed, which should have led him to proceed with greater caution than he did.

I have also considered whether Monzo should have done more to protect Mr S under the CRM Code, which requires signatories to provide effective warnings when they detect potential fraud risks. But I'm not persuaded that Monzo had enough information to identify these transactions as likely fraudulent. The payments were of relatively low values and wouldn't have stood out against Mr S' typical account activity, so I don't think they would have raised suspicion.

I've also considered whether Monzo did all it could to recover any of the money from the beneficiary bank (the bank to which the payments were made), after Mr S had raised his

fraud claim. Unfortunately, given the significant time elapsed between the final payment and Mr S reporting the matter, it is understandable that any funds remaining in the recipient's account would likely have been moved meaning there was no realistic prospect of recovering his money.

I don't intend any comments or findings I've made in this decision to downplay or diminish what Mr S has told us and the impact this has had on him. I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, having carefully considered everything, I don't find Monzo could have reasonably prevented Mr S' loss here. Nor do I find there were any other failings on Monzo's part that would lead me to say that it is liable to refund the disputed payments.

### **My final decision**

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 S to accept or reject my decision before 12 February 2026.

Stephen Wise  
**Ombudsman**