

The complaint

Mr U complains that Monzo Bank Ltd won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

In April 2025, Mr U was looking to get some building work done at his property. He posted on a social networking website asking for recommendations and was contacted by a builder. And after speaking to them and agreeing a price, Mr U agreed for the builder to carry out the work.

Mr U then made a number of payments from his Monzo account to the builder, to pay for the work and for a number of additional costs the builder said were necessary.

Unfortunately, the work wasn't completed when the builder initially said it would be and Mr U became increasingly concerned by the delays and the additional requests for money the builder was making. So Mr U ultimately reported the payments he had made to Monzo as a scam, and asked it to refund the money he had lost.

Monzo investigated but said it felt this was a civil matter between Mr U and the builder, rather than a scam. So it didn't agree to refund the payments Mr U had made here. Mr U wasn't satisfied with Monzo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the circumstances here met the definition of a scam, so didn't think Monzo should be required to refund the payments Mr U had made to the builder. Mr U disagreed with our investigator, so the complaint has been passed to me.

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 broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

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”*

The rules also specifically outline that private civil disputes are not covered. And a 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.”

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

“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 also provided an example of a civil dispute:

“...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.”

So in order to determine whether Mr U has been the victim of a scam as defined in the ASR rules, I need to consider whether the payments were made for the purpose he intended and then, if they weren't, whether this was the result of fraud or dishonesty on the part of the builder.

I've thought very carefully about this, and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is more likely to have happened, based on the evidence I do have.

I'm satisfied Mr U made the payments here for the purpose of paying for building work to be carried out at his property. But I'm not persuaded I can safely conclude that the purpose the builder intended for the payments was different to this, or that Mr U's and the builder's purposes for the payments weren't the same.

The builder started the agreed work at Mr U's property and appears to have been working there, at least on and off, for a number of weeks. And from the pictures of the work I've seen it appears a significant amount of work, and certainly more than just initial clearing or preparation work, has been done – albeit to a standard Mr U is unhappy with. But I'd usually expect a scammer to do as little work as possible in order to get the maximum possible profit in the shortest period of time. So more work appears to have been done here than I'd expect from someone who never intended to complete the work, which I think suggests the builder did intend to complete the work here.

Mr U has provided significant evidence, including a report from another builder, that the quality of the work done by the builder here was very poor. But while I don't doubt that this is the case, I think this more closely resembles dissatisfaction with a supplier of goods or services, or a complaint about the quality of services received. And, as I explained above,

these kinds of civil disputes are specifically excluded from the definition of a scam under the ASR rules.

I appreciate Mr U has said the builder pressured and manipulated him into sending significantly more money than the price they initially agreed for the work, missed a number of deadlines for the work to be completed and made a number of claims about specific materials being ordered that then never arrived. He's also said the builder failed to provide supplier receipts when requested and asked for payments to be made into a personal account, rather than a business account. And I recognise this suggests the builder wasn't acting as I would expect a professional tradesperson to do, but acting unprofessionally is not the same as operating a scam. And I don't think this behaviour necessarily means the builder didn't intend to carry out or complete the work at Mr U's property.

The bank the payments were made to has also told us they don't have any concerns about the activity on the account, and haven't received any other scam reports against the account. I've also seen evidence relating to the account the payments were made to, and while I can't share any details of this evidence, I think it shows the account appears to have been run at the time as I would expect a legitimate tradesperson's account to have been run and doesn't suggest it was being used to operate a scam.

And while I understand Mr U has said the police are investigating the builder, I also haven't been provided with evidence of any investigation by an external organisation which concludes that the builder was operating a scam, as defined in the ASR rules, in relation to the payments Mr U made here.

So I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the builder intended for these payments was different than the purpose Mr U intended, or that the payments weren't made for the purpose Mr U intended. I think it's likely both Mr U's and the builder's intended purpose for the payments was the same – to pay for building work to be carried out – but that other factors ultimately meant the work wasn't completed.

And so I think Monzo has acted reasonably in saying the circumstances here don't meet the definition of a scam from the ASR rules, and in not agreeing to refund the payments Mr U has complained about.

I also don't think there are any other grounds on which it would be fair and reasonable to require Monzo to refund the payments Mr U made here.

I sympathise with the position Mr U has found herself in. I recognise the building work at his property has been left in an unfinished state and he may have to pay another builder to rectify and complete the work done. I'm also in no way saying he did anything wrong or that he doesn't have a legitimate grievance against the builder. But I can only look at Monzo's responsibilities and, for the reasons I've explained above, I don't think it would be fair to require Monzo to refund the payments he made here.

My final decision

For the reasons set out above, I don't uphold this complaint.

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

Alan Millward
Ombudsman

