

The complaint

Mr L is unhappy that Monzo Bank Ltd won't reimburse money he lost to a scam.

What happened

The detailed background to this complaint is well known to both parties and has been previously set out by the investigator in their assessment. So, I won't repeat it again in full here. Instead, I'll focus on giving my reasons for my decision.

Mr L says that he fell victim to a scam whereby he would help with facilitating payments that were allegedly demanded as house rent and administrative expenses for visa processing for eight individuals coming to work in the U.K. from Nigeria. Mr L says interactions with the scammers were primarily facilitated in a group chat through a mobile messaging app.

Mr L says his losses to the scam amount to around £60,000 following a series of faster payments that were made from his account with Monzo to six different payees between the period of 27 May and 30 August 2023.

Concerns began to be raised about the actions of the scammers involved before Mr L said he was removed from the group chat. He said he later realised he'd been scammed when he was informed the funds paid had instead been used to purchase cryptocurrency. Mr L reported the matter to Action Fraud before raising a complaint directly with Monzo.

Monzo informed Mr L it was unable to conclude its investigation and that he was now able to bring his complaint to this service which he later did.

In its submissions to this service, Monzo explained that whilst it recognised Mr L had fallen victim to a scam, it would not consider reimbursing for this case. It said it was under no obligation to consider the claim under the Contingent Reimbursement Model (CRM) Code as they weren't officially signed up to the code. However, having assessed Mr L's claim against the Code, it considered Mr L had not carried out due diligence checks and therefore had no reasonable basis for believing this was legitimate. Therefore it would not be providing a refund.

Our investigator didn't uphold Mr L's complaint. She was satisfied Monzo had fairly established a valid exception to reimbursement under the Code. In summary, where in all the circumstances, Mr L made payments without a reasonable basis for believing the payments he was making were genuine or legitimate. She was also not persuaded that even if Monzo had warned Mr L, this would've prevented him from proceeding with making the payments.

Mr L didn't agree with our investigator and asked for an ombudsman to review the complaint. He maintained Monzo had failed to protect him as a customer and that a refund ought to have been provided under considerations of the CRM Code. He also raised a number of other points which included Monzo not conducting a proper fraud investigation and its failure to attempt recovery of the payments, and that an unfair burden had been placed on him as a victim.

Mr L later asked for more time to secure appropriate representation and to gather further supporting documentation relevant to his case. Our investigator asked Mr L to provide evidence regarding his request for an extension, but no further contact was received. I'm satisfied Mr L has had sufficient opportunity during the time his case has been with this service and through the number of requests for information our investigator made of Mr L to provide evidence relating not only to the scam itself, but how his accounts were funded prior to making the disputed transactions and clarity regarding his specific involvement in facilitating the payments. In any event, the extended time requested by Mr L has since passed. And I'm satisfied the evidence before me allows me to make a decision on this case and I don't seek to delay matters any further.

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 this decision I've focussed on what I think is the heart of the matter here. As a consequence, 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 consider is a fair and reasonable outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

As such, the purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. But Monzo, while not a signatory, agreed to adhere to the CRM Code, which required firms to reimburse victims of authorised push payments ("APP") scams in all but a limited number of circumstances.

In order for the CRM Code to apply to the payments Mr L made, he needs to have fallen victim to an APP scam. The evidence presented by Mr L primarily relates to interactions that occur after some payments had already been made, so beyond Mr L's testimony it isn't entirely clear the full extent of the scam that took place. But Monzo doesn't appear to have disputed that Mr L has fallen victim to a scam.

Exceptions to reimbursement

In order to decline a claim under the CRM Code, Monzo can rely on one of a limited number of exceptions. The most relevant exception here is:

In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was legitimate.

I'm sorry to hear what's happened to Mr L and the impact this has had on not only he and his family but those other innocent parties that he has referenced.

I've carefully considered the evidence presented by Mr L. I've also paid particular attention to the responses Mr L has provided to questions asked of him by Monzo when they were investigating his claim and the responses he's since provided to our investigator after his complaint was brought to this service.

In particular, there has been regular reference to Mr L making the payments lost to the scam on behalf of others, and not for himself as well as an affidavit he's presented which makes reference to the payments lost to the scam being 'paid through' Mr L's account. Evidence of some chat screenshots also appear to show Mr L making reference to the lost monies being owned by others. So I can understand statements made by our investigator that referenced Mr L operating as a middleman when the payments were made onwards from his account with Monzo. Mr L has provided very little evidence of his interactions with the scammers prior to agreeing to making the disputed transactions. So, it's hard to understand the circumstances in which the multiple agreements for eight individuals coming to live and work in the U.K were agreed and what exactly Mr L's involvement in those payments were.

Mr L's submissions state that as far as his understanding of the arrangements were concerned, he was making payments that were for rent and administrative expenses for visa processing for the eight individuals. That said, Mr L has been able to provide some evidence of what appear to be payment instructions received to the named payees. But I would also point out that the same evidence does not entirely match up with the payments Mr L made. In fact, some of the account information and amounts requested to be paid weren't transferred by Mr L until several weeks later. And from that same evidence presented, there is no information about why those amounts requested specifically needed to be made to those particular accounts, nor which of the eight applicants they even related to. And the payees don't appear to have any affiliation to the recruitment agency Mr L says were involved which ought to have raised questions – but I haven't seen that Mr L raised any at all.

I also can't ignore, just as our investigator has highlighted in her findings, that Mr L has provided evidence that in early August 2023 he raised concerns directly with the scammers. In fact, Mr L's evidence shows that on 20 August 2023 he questioned why it had been so hard *'for these people to refund this money'* and prior to this, he had also informed the scammer that they had lied to him and that he had *'collated all the names for the bank to submit to the police'*. Yet Mr L proceeded to make almost half of the total payments lost to the scam after this date. Mr L said that the scammers provided convincing reassurances that made him believe the issues that occurred were temporary and that the funds were still safe. He also said that he was shown images of the property associated with the deal which further convinced him that the opportunity was legitimate. And it was only after this that he received several Certificates of Sponsorship. Given the serious concerns raised by Mr L and the sums that had already been paid, I'm satisfied that Mr L ought to have proceeded with an even greater degree of caution than he did before parting with such significant sums at this later stage in the scam.

Ultimately, I've been provided with little evidence about what was agreed between Mr L and the scammers. And given the particular circumstances of this case and the sums involved, I'm not satisfied Mr L's actions were reasonable and I'm satisfied Monzo has demonstrated that it can fairly rely on an exception to reimbursement under the CRM Code.

Monzo's standards as a firm

Under the CRM Code, Monzo has certain standards it needs to meet. Of particular relevance here is Monzo's obligation to provide an Effective Warning where an APP scam risk is identified.

I think that Monzo should have identified that the payment carried an APP scam risk. However, it will only be partially responsible for the loss if its failure to provide an Effective Warning would have had “a material effect on preventing the APP scam that took place”. But just as our investigator has already explained, given the unusualness of the scam, I’m also not persuaded any warning would have had a material impact here. I’m not persuaded that this type of scam was sufficiently well known at the time that Monzo ought to have specifically designed its systems to warn about it.

In my view, I think it’s unlikely that any warning relating to the provision of goods and services or any type of scam warning for that matter would therefore have stopped the scam, especially given the very specific features this particular scam had. That means, I don’t think that Monzo’s failure to meet its standards under the CRM Code had a material effect on preventing the scam and, overall, it hasn’t made a mistake in declining reimbursement.

Our investigator also thought about whether the payments would be considered so out of character and unusual for the account that it would have warranted further intervention by Monzo. Given the nature in which Mr L’s account had operated prior, and during the scam period of three months, I think it’s arguable whether any of the payments ought to have raised particular suspicion. Mr L’s account began to see a pattern of usage that would typically see funds deposited to his account before payments were made out to new payees. And this had begun before the disputed transactions in question. There were also other similar non disputed payments made by Mr L during the same period.

From Mr L’s submissions he’s also explained how convincing the scammers reassurances were at times – even after he had raised concerns directly with them, and that he believed the issues that occurred were temporary and that his funds were still safe. He also said he’d been presented with fake documents, legal explanations and video footage of accommodation that led him to trust and continue making payments as he believed the opportunity was legitimate. Taking this into account and for much the same reasons I’ve set out above regarding the unusualness of the scam, even if I did consider that Monzo ought to have intervened as our investigator has set out later in the scam payments made, I don’t think it could have reasonably prevented the scam.

Lastly, I’ve also considered whether Monzo did what it ought to have done to try to recover the payments. Mr L didn’t raise his concerns with Monzo until more than six months after the disputed transactions took place. And in such circumstances, it’s unlikely that any funds would remain held in a scammers account after such a long period of time. That said, it is important to highlight just as our investigator has that even with the evidence Mr L has submitted, it’s difficult to distinguish what his direct loss was in relation to this scam. I say this (having already made reference in my decision above) that it appears his account was used to simply facilitate these payments on behalf of others which raises questions regarding what proportion of the funds lost actually belonged to him (and that he would otherwise be entitled to) should any funds be refundable or recoverable.

My final decision

For the reasons I’ve explained, I do not 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 12 February 2026.

Mark O'Connor
Ombudsman