

The complaint

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

What happened

On 16 December 2025 I issued a second provisional decision on this complaint. Due to some significant new information submitted by Mr K, I wanted to give both parties a chance to respond to my provisional decision before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

What happened

On 5 July 2023 a loan of £7,000 was taken out in Mr K's name with Monzo. A loan was also taken out with a third-party provider for £5,000. Mr K originally denied taking out either loan.

On the same day, it appears that Mr K attempted to make a £7,000 payment to a third-party account. Monzo blocked this payment and contacted him about it. Mr K said that he was attempting to purchase a jet ski. He provided a number of photos of a jet ski that was being sold on a popular online marketplace.

On 6 July 2023 Mr K called Monzo because his account had been blocked following the activity the previous day. He said that the jet ski was no longer available but he needed to move the loan funds so that he could use them for a holiday. He told Monzo that he'd actually made a mistake with the amount of one of the payments the previous day and it was good fortune that they'd stopped it.

Mr K originally said that the payments went to a jeweller that had a social media presence and website (though he was only able to provide a screenshot of a search result showing a number of different social media pages with the same name). He said that the payments were for the purchase of gold, but when he didn't receive the goods, he reported the matter as a scam.

Monzo questioned him about the circumstances of the payments. Mr K said he met the scammer through associates that he knew from a pub he frequented and only ever spoke to him on the phone. He wasn't able to provide any evidence of his interactions with this person.

Mr K's correspondence with Monzo took place over a long period of time, during which there were significant gaps in communication while I understand Mr K was suffering from poor mental health. Ultimately, Monzo weren't satisfied with Mr K's version of events and failure to provide evidence, so it declined his claim.

One of our investigators initially declined to uphold Mr K's complaint on the basis that they weren't satisfied that he'd fallen victim to a scam. But after receiving evidence from the bank that received Mr K's money they decided that Monzo should partially reimburse him under the provisions of the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code").

Monzo disagreed, so the case was passed to me for a decision.

My first provisional decision concluded that there wasn't enough evidence to corroborate Mr K's version of events (a version of events which wasn't consistent with a typical investment scam) and that he shouldn't be reimbursed under the CRM Code.

In response to my provisional decision, Mr K provided a considerable amount of new evidence, including his correspondence with a third party.

In summary, Mr K now reveals that:

- *The scam here was simply that he would take out loans under the direction of a third party and receive payment for this.*
- *The third party appears to have advertised this arrangement on social media by showing evidence of other people having had their loans "cancelled".*
- *The third party told Mr K he wouldn't need to pay anything back and he'd get "free money".*
- *The information he provided at the time of the payments to Monzo was simply to ensure that the payments went through and he was told what to say by the third party.*

Mr K says that, at the time, he was suffering from poor mental health, an undiagnosed health condition, was extremely vulnerable and susceptible to manipulation by the fraudsters, all of which should be taken into account.

What I've provisionally 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 sorry to hear about the difficulties Mr K has faced, and I'm pleased to hear that his situation has now improved. Mr K's submissions also provide much needed clarity on how and why he took the actions he did. However, they do not allow me to fairly conclude that he should be reimbursed.

I accept that ultimately Mr K has lost out here – he's been tricked into paying money to a third party and been left to repay the loans. But the CRM Code defines an APP scam as:

"a transfer of funds... 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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent."*

Mr K wasn't deceived about who he was transferring money to, so (i) isn't relevant. The question from (ii) is whether Mr K believed that he was transferring money for a legitimate purpose.

The CRM Code doesn't define "legitimate", but its ordinary meaning is to be allowed by law or be reasonable and acceptable. Mr K hasn't said whether he thought that the scheme was legitimate, but it's difficult to see how he could. As far as I can make out, the scheme involved loans being taken out and then being written off by the lender. Mr K ought to have known that a lender wouldn't lend him money and then, almost immediately and without any

reason, decide he didn't need to pay it back. So I can only imagine that Mr K believed the lender was being somehow tricked into cancelling the loan – something he cannot reasonably have thought was legitimate.

The evidence suggests that Mr K didn't believe the activity was legitimate either – he didn't disclose the true purpose of the payments to Monzo at the time they were made, when he subsequently reported the activity or in his complaint to our service.

So, while I accept that Mr K was tricked by a third party here, I'm not satisfied that he believed that the payments he made were for a legitimate purpose, so they don't meet the definition of an APP scam under the CRM Code.

Outside of the CRM Code, it's doubtful that Monzo could have prevented Mr K from going ahead with the payments – he was clearly determined for them to take place and provided inaccurate information to Monzo for that to happen. But, in any case and for largely the same reasons I've set out above, I wouldn't find it fair or reasonable to expect Monzo to reimburse Mr K in these circumstances.

That means that, while I know that Mr K will be disappointed by this, I can't ask Monzo to reimburse the disputed payments.

Monzo didn't respond to my provisional decision, but Mr K disagreed. In summary he argued:

- I've introduced an objective element to the test under the CRM Code by deciding what he reasonably ought to have known. The test is subjective – what he actually thought at the time.
- He believed that the scheme was lawful and was an “accepted loophole”, that others had completed it successfully and that the loans would be “resolved by the lender” not dishonestly evaded by him.
- He was vulnerable at the time which materially impacted his ability to assess the legitimacy of the scheme.
- The fact he didn't disclose the nature of the scheme to Monzo is only evidence that he was coerced by the fraudsters, not that he knew that the scheme wasn't legitimate. A victim concealing the true purpose of a payment is not enough to deny reimbursement under the CRM Code and is a common feature of APP scams.
- Scams often rely on implausible premises and vulnerable customers are more likely to believe such premises. So the fact that the scheme was implausible can't be enough to deny reimbursement under the CRM Code.
- Monzo should still bear some responsibility for the loss due to the unusual nature of the activity on his account, which indicated that he was at risk of financial harm and may have been vulnerable.

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.

While I thank Mr K for his thoughtful submissions, I'm not persuaded to change my decision. To be clear, I accept that the test under the CRM Code is a subjective one – what Mr K

believed at the time. In my provisional decision above, I said that Mr K had not explained whether he thought that the scheme was legitimate, but it was difficult to see how he could have held such a belief. In other words: in the absence of an explanation from Mr K as to why he thought the scheme was legitimate, it is far more likely than not that he did not believe it to be so.

Mr K has now said that he thought that the scheme was an “accepted loophole” and that the loans were going to be “resolved by the lender”. I’m afraid that, even expressed in these vague terms, the implication is clear – that the lender would be tricked into giving its money away. And, as already set out, Mr K’s actions at the time are consistent with a belief that the scheme was not legitimate. I accept that he was told what to say to Monzo, but seemingly without any explanation as to why this was necessary. I think this indicates both that he knew that it was important to the success of the supposed scheme that the lender was not informed of what was happening and that the lender would not simply agree to cancel the loan.

Mr K is right that neither an implausible premise to a scam nor a customer misleading their bank mean that a complaint should be automatically rejected under the CRM Code, particularly where the customer is vulnerable. But, neither the implausibility of the scheme or the fact he misled Monzo are, in and of themselves, the reasons why I can’t uphold this complaint. Instead, it is the *nature* of the supposed scheme and the *reasons* why he misled Monzo that prevent me from doing so.

While I’ve taken into account what Mr K has said about his vulnerabilities, overall, based on Mr K’s interactions with the third party and Monzo at the time, I’m persuaded that he did not believe that the payments he was making were for a legitimate purpose. That means the payments aren’t covered by the CRM Code and Monzo hasn’t made a mistake by declining to reimburse them.

Finally, I’ve already explained why I don’t think Monzo could have prevented the scam and Mr K’s further submissions on this point do not change my view.

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 K to accept or reject my decision before 28 January 2026.

Rich Drury
Ombudsman