

The complaint

Miss J complains that Monzo Bank Ltd won't reimburse the funds she lost when she says she fell victim to a scam.

What happened

Miss J and her husband were interested in investing and came across an opportunity to invest in property with a company I will call 'G'. Miss J and her husband saw that G was on Companies House, visited G's offices and investment properties, and received legitimate looking documents regarding the investment, so they decided to go ahead.

In March 2024 Miss J made two payments to G, for £2,500 each, from her Monzo account, and received signed contracts for the investments, which were for property management of rent-to-rent units. Miss J received returns into her Monzo account, but these returns varied and were not consistently paid, so Miss J raised her concerns with G. Miss J says she was told G would convert the agreements to a fixed rate of return, and Miss J and her husband then decided to also make another investment (on the same fixed rate return terms) of £10,000. This second investment was agreed in September 2024, and the payments to G were made from Miss J's husband's account.

When the expected returns for both investments did not materialise, Miss J and her husband contacted G to ask it to return their money. Despite initial promises that this would happen they did not receive any refund of their capital. And ultimately G stopped responding to them.

Miss J contacted Monzo to say she believed she had been the victim of a scam, I understand her husband has also been in touch with Monzo about the payments made from his account.

For clarity, this complaint is in Miss J's name only as it is about her sole account, so we will only be considering the payments made from Miss J's account here. If her husband wishes to raise a complaint with our service about the payments made from his account, he will need to do so separately.

Monzo considered what Miss J had said about the payments made from her account, but declined to refund those payments to her, it said this was a civil dispute between Miss J and G.

Miss J disagreed, and referred her concerns to our service. The investigator who considered this complaint didn't recommend that it be upheld. She agreed that this situation was most likely a civil dispute between Miss J and G, rather than a scam, and so couldn't be considered under the principles of the CRM Code. The investigator went on to say that Monzo acted reasonably in processing the payments Miss J made to G.

Miss J didn't agree with the investigator's findings. She maintains that H's actions demonstrate that it was not acting legitimately, and feels that Monzo should have identified the risk her payments to G represented. As no agreement could be reached this case has been passed to me for review.

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.

At the time these payments were made, Monzo had committed to applying the principles of the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under this code, the starting principle was 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 authorised push payment (APP) scam, as set out in it, is met.

I have considered whether Miss J'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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.

To decide whether Miss J was the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Miss J thought this purpose was legitimate.
- The purpose the recipient (G) had in mind at the time of the payments, and whether this broadly aligned with what Miss J 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.

Miss J thought she was investing in a rent-to-rent property investment scheme. I haven't seen anything to suggest that she didn't consider this to be a legitimate purpose.

I've gone on to consider the available evidence and G's purpose in taking Miss J's funds, *at the time the payments were made*. I think this is an important distinction here, a business may start out operating legitimately and later on begin to take actions that are not legitimate, for many different reasons. But what we need to think about here is what G's intent was at the time that Miss J paid it in March 2024.

Having done so, I'm not satisfied that Miss J has demonstrated it's more likely than not G had a different purpose in mind for her investment or that there was fraudulent intent. I say this for the following reasons:

- While Companies House does show a lack of information about G, and that G's director had previously been the director of various dissolved companies, that does not automatically mean that G was operating a scam.
- We've had sight of G's account statements from the time Miss J made the disputed payments, and those do show evidence of transactions in line with G's stated business, there is no clear evidence that investors' funds were misused.
- Miss J did receive returns on the investment for several months.

I'm sorry Miss J didn't continue to receive returns as expected. But the fact she hasn't received returns isn't enough to bring her claim within the scope of the CRM Code. Businesses can fail for many reasons including poor management, financial difficulties, and the breakdown of relationships. I haven't seen anything to persuade me that it's more likely than not Miss J didn't receive returns because of fraud rather than for one of these reasons.

Finally, I've not seen any evidence to suggest the police are investigating the actions of G or evidence from any other external organisation which concludes that G intended to use Miss J's funds for a different purpose to the one agreed with her. I acknowledge that other investors also believe G defrauded them, but that does not constitute proof that G was a scam, rather than a failed investment.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose G had in mind when it took Miss J's payments was different to hers. So, I consider Monzo acted fairly in not considering Miss J's complaint under the CRM Code.

If material new evidence comes to light at a later date Miss J can ask Monzo to reconsider her fraud claim.

I've gone on to consider whether there is any other reason I can require Monzo to reimburse Miss J. Monzo should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Monzo to intervene and attempt to prevent losses for the customer.

Miss J has spoken about the total value of the payments she and her husband sent to G as being significant, but I would not expect Monzo to be considering payments from a separate account when looking at what was usual for Miss J. And, in any case, the payments Miss J's husband made were several months later. At the time of the payments from Miss J's account, bearing in mind her usual account usage, I cannot see that the payments to G would have stood out as particularly unusual or high risk.

And, in any case, given that I'm satisfied G was more likely than not operating legitimately, I don't think Monzo could reasonably have refused to follow Miss J's payment instructions.

Overall, whilst I'm sorry Miss J has lost a substantial amount of money, I can't fairly hold Monzo responsible for her loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 26 February 2026.

Sophie Mitchell
Ombudsman