

The complaint

Mr B complains that MONZO BANK LIMITED (“Monzo”) won’t refund him money, which he believes he has lost to a scam.

What happened

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

In or around September 2025, Mr B was looking to have some work carried out on his garden. Mr B had previously used a tradesperson, who I’ll refer to as “S”, to carry out some work for him. That work was completed successfully and seemingly satisfactorily, as Mr B approached S to complete the further work he needed.

Mr B contacted S, who attended Mr B’s property and provided a quote. On 30 September 2025, Mr B made a payment of £200 to S and a start date for the work was agreed. However, Mr B has said after the payment was made the work was never carried out. He’s said S made a number of excuses for why the work wasn’t starting and subsequently made several broken promises to repay the money.

Believing he’d fallen victim to a scam, Mr B raised the matter with Monzo, but it did not consider it was liable for Mr B’s loss. In summary, this was because it thought what had happened was a civil matter.

Unhappy with Monzo’s response, Mr B brought his complaint to this service. One of our Investigators looked into things. But they agreed with Monzo, that this was most likely a civil dispute, and so Mr B was not entitled to a refund of the payment he had made.

Mr B didn’t agree with our Investigator’s view, in summary;

- Mr B believes that this has been wrongly classified as a civil dispute.
- He said he’d paid S for a specific purpose, which was not carried out. So, he believes this makes it an Authorised Push Payment (“APP”) scam.
- Mr B does not think the prior work that S carried out is relevant.

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

Having thought very carefully about Monzo’s actions, I agree with the findings set out by our Investigator. I do appreciate how disappointing this will be for Mr B but, whilst I’m sorry to hear of what’s happened, I don’t think I can fairly hold Monzo liable for his loss.

When considering what is fair and reasonable in this case, I've thought about the relevant rules that were in place at the time the disputed payment was made. From 7 October 2024, Payment Services Providers in the UK, like Monzo, have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ("Reimbursement Rules"). Under these rules, most victims of APP scams should be reimbursed – but "private civil disputes" are not covered.

I've therefore considered whether what has happened between Mr B and S meets the Reimbursement Rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The Reimbursement Rules define an APP Scam 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"*

By contrast, a private civil dispute is defined 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:

"2.6 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."

2.5 provides an example of when this might apply:

"...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 consider what has happened here as an APP scam, I would need to be satisfied that it involves criminal deception. The evidence for this would therefore need to be convincing.

The allegation of fraud is a serious one and the threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is "beyond reasonable doubt", but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion — i.e., that fraud did not occur.

I can certainly see why Mr B is aggrieved by the actions of S, and I understand why he thinks S has scammed him. But having carefully weighed up all the available evidence, I'm not persuaded it's more likely than not that S set out with the intent to defraud Mr B from the outset. I'll explain why.

There is no dispute here that Mr B paid the person he intended on paying, so the first part of the APP scam definition doesn't apply here. I've therefore gone on to consider whether, as a result of dishonesty, the payment was made for a purpose other than Mr B intended. In order to be satisfied Mr B has fallen victim to an APP scam, I need to be persuaded S set out to defraud him.

Here, the purpose of the payment was for S to complete work in Mr B's garden. While I appreciate that Mr B has said that the work wasn't completed, it is clear from the evidence that S attended Mr B's property and provided a quote, and it is not in dispute that some previous work had been carried out by S for Mr B. So, while I don't doubt what Mr B has said, in that the work he has paid for hasn't been carried out, the evidence doesn't support that S deceived Mr B about the very purpose of the payment (that being for the provision of work in Mr B's garden).

Simply failing to provide a service that has been paid for won't be enough to show that what happened was an APP scam. That's because the key issue is whether S' intention at the time of the payment was to defraud Mr B, and any other reasons for S not carrying out the service might not mean that was always what had been intended.

Alongside this, whilst I can't go into specific details due to data protection reasons, information I've seen regarding the beneficiary (the account to which the faster payment was made) supports that S didn't have a different intention for the money that was received. Activity on the account demonstrates transactions that are consistent with the account being used by somebody carrying out work in the building trade. I'm also aware there were no concerns around how the account was being run when Mr B made the payment. Typically, if somebody were running a fraud, you'd expect there to be concerns with how the account was being operated – but that wasn't the case here.

I acknowledge that Mr B did not ultimately receive what he had paid for, but there are many reasons, other than fraud, why a trader may fail to meet their commitments. They may act unprofessionally, may get into financial or personal difficulties and work may be completed to a poor standard. But it doesn't automatically follow that this demonstrates an intent to defraud.

Mr B has said S made excuses in relation to why there were delays, such as S saying they had issues with their car and were experiencing financial difficulties. While these may have been excuses and lies, they may also have been legitimate reasons for the delay in the works commencing. Overall, it's difficult to conclude from the evidence that from the outset S had no intention to complete the work. Though I accept it's frustrating when works don't go to plan. Unfortunately, this is a common feature even in legitimate building arrangements.

I'm mindful that Mr B has said the fact S had completed work for him previously is not relevant. I don't agree. While this, of course, doesn't rule out the possibility that S could later go on to commit a fraud, I find it at least equally demonstrates that S had provided similar services satisfactorily before.

Alongside this, in the circumstances of this case, Mr B continued to communicate with S, at least for a time, and while they weren't fulfilled S discussed potential repayment plans with Mr B. This is not typically the case with fraudsters, who more often than not, once in receipt of a victim's money, will no longer be contactable.

I accept that some of the behaviours by S (such as not completing the work and not providing a refund) can be hallmarks of a scam, but there are other possible reasons for them being present. I need to weigh up what I think is more likely than not to have happened here and whether S set out to defraud Mr B. Of course, I can't know for sure what was

intended, particularly in the absence of any direct contact and testimony from the third party involved – S. I don't have the power to compel evidence from S (unlike say the police or Trading Standards). Instead, I need to make my decision based on the evidence that is actually available to me and considering whether I think that evidence shows fraud is the most likely of the possible outcomes (in other words, applying the balance of probabilities).

From what I've seen I understand that the matter was reported to Trading Standards. But as far as I'm aware, they haven't seen fit (or there is insufficient evidence) for them to undertake a substantive investigation. While I'm mindful it isn't necessary for a criminal conviction to have been secured or for charges to have been brought for what happened here to meet the Reimbursement Rules definition of an APP scam - the fact that the relevant authorities appear not to have pursued a substantive investigation into the allegations raised by Mr B suggests to me that the evidence presented does not, on its own, carry sufficient weight to support a finding of fraud.

As I have explained, in order to find S did intend to defraud Mr B, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibilities. That includes the possibility that S set out with the intent to undertake the work in good faith, but circumstances changed and ultimately the relationship between Mr B and S broke down. There is also the possibility that S engaged in poor practices, such as being unprofessional, poorly organised and incompetent. But based on the evidence I've seen, on balance, I'm currently unable to conclude S had the intent to defraud and that Mr B fell victim to an APP scam. In summary, I can't safely say that fraud is the most probable explanation, over any other, as to why things have gone wrong.

I know this will be a huge disappointment to Mr B, and I appreciate how strongly he feels about this case. But for the reasons I've explained above, I do not consider that it was unreasonable for Monzo to decline Mr B's claim when considering the Reimbursement Rules, and I find no other reasons upon which it would be fair to ask Monzo to refund Mr B the money he lost.

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 B to accept or reject my decision before 22 May 2026.

Stephen Wise
Ombudsman