

The complaint

Y, a limited company represented here by its director Mr M, complains that Monzo Bank Ltd won't reimburse the funds lost when Mr M says he fell victim to a scam.

I've decided that Y's complaint is one that we can consider, but I don't think that Y is entitled to a refund of any of the loss here, I'll explain why.

What happened

Mr M was interested in property investment, via his company Y, and came across an opportunity to invest in property with a company I will call 'E'. E said that it could facilitate investment in social housing and provided presentations and paperwork to explain the opportunity.

Mr M decided to invest, and in December 2023 he made a payment of £11,500 to E from Y's Monzo account as a deposit. The agreement was that E would facilitate the purchase of a property with the intent that it be rented out to provide an income. Y was expecting for the property purchase to be completed by Spring 2024. However, it appears there were then various issues, including a change in the property that Y would be buying, and issues with solicitors. Mr M decided to pull out of the investment, but E did not refund his deposit. Concerns then began to grow in the property investment group Mr M was part of that all was not as it seemed with E, following the death of one of the parties involved with E and comments from one of the people who had been working closely with E. Mr M now believes that E never intended for the property purchase to go through and intentionally defrauded him.

Mr M, on behalf of Y, contacted Monzo to say he believed he had been the victim of a scam. Monzo considered what Mr M had said about the payment made from Y's account, but declined to refund that payment, it said this was a civil dispute between Y and E.

Mr M disagreed, and referred his concerns to our service. We initially stated that this complaint was not one we could consider, as we did not think Y was an eligible complaint, but Mr M disagreed and so the case was passed to me.

On reviewing the evidence Mr M had provided I was satisfied that Y was an eligible complaint and so we could consider this complaint. However, I explained to Mr M and to Monzo that I agreed this was most likely a civil dispute, rather than a scam, and so Y was not entitled to a refund of the disputed payment.

Mr M disagreed, and has provided further comments and evidence that he feels support his position that E was acting fraudulently. So, I've reviewed the case again in light of Mr M's most recent submissions.

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.

The CRM Code

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 Y'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 Mr M (on behalf of Y) was the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payment and whether Mr M thought this purpose was legitimate.
- The purpose the recipient (E) had in mind at the time of the payment, and whether this broadly aligned with what Mr M 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.

The purpose of Mr M's payment

Mr M thought he was investing in property. I haven't seen anything to suggest that he didn't consider this to be a legitimate purpose.

I've gone on to consider the available evidence and E's purpose in taking Y's funds, at the time the payment was made. Having done so, I'm not satisfied that the evidence shows it's more likely than not E had a different purpose in mind for Y's investment or that there was fraudulent intent. I say this for the following reasons:

- Mr M's chat logs with the various individuals he was dealing with at E suggest that there were various reasons why the property purchase was not proceeding as intended, and some of those issues were on Mr M's end, it was not simply because of E's actions.
- It seems that ultimately Mr M decided not to continue with the investment, but that E was still willing to try and resolve things with a new agreement at that stage.

- E, and the other businesses involved all appear to be legitimate businesses, properly registered on Companies House and E is currently still listed as active.
- While I understand that the police have looked into E's activities, I am not aware of any charges being brought regarding this matter. And I haven't seen any other evidence to show that there have been any wider concerns about the business practices of E and its associated businesses.
- Mr M has said that he believes E was never entitled to sell the properties it claimed, he's provided an email from one of the solicitors involved where that solicitor disputes that E was the seller of a specific property. But there is no further context provided around that email, and it seems that Mr M continued to engage with E with the intent to complete the purchase for that property even after this email, so I think it is reasonable to assume that this issue was not a deal breaker. And in any case, the evidence Mr M has provided does not, in my mind, provide any conclusive proof that E was not entitled to facilitate the sale of the properties it claimed.
- Mr M has also pointed to the director of E and other individuals who were involved having previously dissolved companies, but that does not automatically mean that E was operating a scam.
- We've had sight of E's account statements from the time Mr M made the disputed payment, and those do show evidence of transactions in line with E's stated business, there is no clear evidence that investor's funds were misused.

I appreciate the time Mr M has taken to respond to my initial findings on this case, and I want to be clear that I don't dispute that there is clearly an issue between Y and E. I'm sorry the property investment did not proceed as Mr M had expected and that he has not received his deposit back. And I acknowledge that other investors also believe E defrauded them. But that does not prove that E was a scam, rather than a failed investment, and isn't enough to bring Y's claim within the scope of the CRM Code. Businesses and investments 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 Y's investment did not proceed because of fraud rather than for one of these reasons.

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

Overall, whilst I'm sorry Y, and by extension Mr M, has lost a substantial amount of money, I can't fairly hold Monzo responsible for that loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Y to accept or reject my decision before 28 April 2026.

Sophie Mitchell
Ombudsman