

The complaint

Mr J is unhappy MONZO BANK LIMITED ('Monzo') has decided not to refund the money he lost, to what he believed was an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows.

Mr J arranged to meet an individual – whom I'll call 'C', and in doing so agreed to pay a deposit of £180. Mr J subsequently couldn't make the appointment and tried to rearrange for the next day. C was happy to rearrange but required another deposit to be paid. Unhappy with this, Mr J asked for a refund of the £180 he had paid with C declining to return the deposit.

Mr J reported the matter to Monzo who considered whether he was due any reimbursement under the Faster Payment Scheme and CHAPS – Reimbursement Rules ('Reimbursement Rules'). The Reimbursement Rules require Payment Service Providers ('PSPs'), such as Monzo, to reimburse APP scam victims in all but a limited number of circumstances. Monzo concluded that this was a civil dispute rather than an APP scam. As it concluded Mr J wasn't the victim of a scam, it didn't consider it was liable to reimburse him under the Reimbursement Rules.

Unhappy with Monzo's response, Mr J referred his complaint to our service. One of our Investigators looked into the complaint and didn't recommend it should be upheld. In summary, our Investigator thought Monzo had acted fairly in reaching the decision it had.

Mr J disagreed with the Investigator's opinion and considered that what happened to him meets the definition of an APP scam as set out in the Reimbursement Rules.

As Mr J disagreed, and as the matter hasn't been resolved, it's been passed to me to decide.

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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here which is whether Monzo acted fairly in its answering of Mr J's complaint. 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 think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The starting position in law is that Mr J will generally be considered liable for authorised payments. It's accepted that he authorised the faster payment in dispute and so he is liable for it in the first instance.

However, as alluded to earlier, a relevant consideration in this case is the Reimbursement Rules which came into force on 7 October 2024 and apply to all UK-based PSPs.

The Reimbursement Rules put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme, in all but very limited circumstances.

And the Reimbursement Rules set out the requirements for a payment to be covered. They state:

"...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);"

An APP scam is further defined 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."*

Private civil disputes are also not covered by the Reimbursement Rules. The term private civil dispute is defined in the rules 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."

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. Our Investigator wasn't persuaded that what had happened to Mr J amounted to an APP scam as defined by the Reimbursement Rules, and I agree. I'll explain why.

In short, Mr J paid who he intended to pay, that being C. And when looking at the purpose of the payment, it was clearly an amount intended to be paid to C as a deposit in advance of their meeting. Therefore, the purpose for Mr J making the payment and the purpose for C receiving the payment align. So, quite simply, the Reimbursement Rules' definition of an APP scam hasn't been met here.

I accept there might not have been clear terms laid out at the time about the deposit and whether it was refundable or not. However, I'm not persuaded any potential misrepresentation here means that it demonstrates C set out with an intent to scam Mr J. Generally, deposits are taken to provide some protection to one of the parties in a transaction, for example in the event of a cancellation – which seems to have been the case here. And any dispute Mr J has about the deposit would be a civil matter between him and C.

Overall, I'm satisfied Monzo acted fairly in declining reimbursement. I also can't see any other grounds on which I could say that Monzo should fairly and reasonably bear the responsibility for refunding Mr J.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 May 2026.

Matthew Horner
Ombudsman