

The complaint

Mr G complains that MONZO BANK LIMITED hasn't reimbursed him the funds he says were lost to a scam.

What happened

The background to this complaint is well-known and is set out within the investigator's findings which was sent to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr G saw a car advertised for sale on a well-known online marketplace. He contacted the seller and arranged to see the car itself. The car had been advertised for £6,990, however Mr G agreed to part exchange his own car with the seller whilst making a payment by bank transfer of £5,500 to conclude the sale. Mr G says it was only after he had ownership of the car that a number of issues with the car were identified.

Mr G believes he'd fallen victim to a scam and so he contacted Monzo to raise his concerns. Monzo declined the claim as it considered the circumstances here to be a civil matter. It also rejected Mr G's subsequent complaint as it said it didn't find enough evidence to overturn its decision. Therefore it was unable to provide a refund for his claim.

Mr G then brought a complaint to this service. He said that he disagreed with Monzo's decision and considered that they themselves confirmed it was fraud because they told him to report it to the police. Our investigator didn't uphold Mr G's complaint. She said she didn't think it was unfair for Monzo to reject his claim. Nor did she think there was any other reason why it should have assisted him in recovering or refunding the money lost.

Mr G didn't agree, in summary he said the car he received did not match the description of the sale. He says he was intentionally misled by the seller over multiple facts in order to obtain payment from him. The definition of fraud.

As an informal agreement couldn't be reached, the case has since 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.

Having done so, I've come to the same outcome as the investigator for broadly the same reasons. I'd like to reassure Mr G that I've considered everything he has submitted carefully. But if I don't mention a particular point or piece of evidence, that's not because I haven't taken it into account. My findings focus on what I consider to be the central issues, and my role is to reach what I think is a fair and reasonable decision based on the available facts of the case.

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 be good industry practice at the time.

I understand Mr G feels strongly that the seller misrepresented and misled him as to condition of the car in order to obtain payment from him. But it's firstly important to explain that I don't have the power to decide any dispute between Mr G and the seller, or to interrogate the parties or consider their actions. Rather, it's to determine whether Monzo, as his bank, treated him fairly.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. There is no dispute that Mr G authorised the payment. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

In 2024, the Payment Systems Regulator required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of Authorised Push Payment (APP) scams (herein after referred to as the Reimbursement Rules) in certain circumstances. These Rules came into force on 7 October 2024.

In this case, I've considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payments in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

Under the Reimbursement 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 G and the seller, meet the reimbursement rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The 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"*

And the Rules specifically outline that private civil disputes are not covered. 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."

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.

I'm not satisfied that Mr G's payment is covered by the Reimbursement Rules. The seller of the car was the intended recipient and was the person who received the funds. And, I haven't seen evidence that persuades me Mr G's funds weren't used for the intended purpose. So I'm not satisfied that Mr G is entitled to a refund under the Reimbursement Rules.

The purpose of the payment was to purchase a car, and Mr G received a car. Whilst I understand Mr G considers the seller misrepresented the condition of the car, I'm satisfied that the payment was for the purpose intended.

Here, the purpose of the payment – alongside Mr G's own part exchange of his own car agreed with the seller, was to purchase the car he'd seen in an online advertisement and which he'd inspected in person – and that's what Mr G ultimately received. He paid for a specific car and that is what he got in return. I'm satisfied that the payment was for the purpose intended.

I appreciate Mr G feels the condition of the car was misrepresented to him by the seller before he agreed to purchase it. He says the car was advertised as being 'damage repaired' and disputes that the damage had not been repaired. He also says the car was sold as being faultless other than the bumper being out of alignment, but this was not the case. He also questions the validity of the MOT history. But Mr G's concerns here more closely resemble a complaint about the quality of goods received or that the goods are defective in some way which, as I explained above, are specifically not covered by the Rules. I've carefully considered the messages that took place between Mr G and the seller, and I'm not persuaded this supports the seller was operating a scam.

I'm also not persuaded that reporting a matter to Report Fraud is proof of a scam. Report Fraud says on its website that it does not have investigation powers, rather the reports taken by them are then assessed to decide whether there is enough information to send to a police force for investigation. To be clear, it's evident Mr G has a dispute with the seller. I'm not saying he doesn't have a legitimate grievance against them. But I can only look at Monzo's responsibilities here. This type of dispute isn't something that the Reimbursement Rules cover or that Monzo can be held responsible for.

Overall, I don't think Monzo has treated Mr G unfairly when it made the decision not to reimburse him. I can't see any fair or reasonable grounds on which I could say that Monzo should bear the responsibility of Mr G's loss, and I don't think it ought to have done more to assist Mr G in the circumstances – by intervening to prevent the payments or attempting to retrieve the payments from the beneficiary account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or

reject my decision before 19 May 2026.

Mark O'Connor
Ombudsman