

The complaint

Ms N is unhappy Monzo Bank Ltd (“Monzo”) declined to refund the money she lost after she fell victim to a scam.

What happened

Ms N was looking for concert tickets online when she found the profile of someone selling the tickets she was looking for on a social networking site.

Ms N shared some messages with the seller, who we now know to be a scammer, and they agreed a price for the tickets. The seller told Ms N she would need to pay £60 upfront before the tickets could be sent to her. Once the tickets had been received, Ms N would then send the rest of the funds. Ms N was given the impression that this would offer a degree of protection to both her and the seller.

The seller provided the bank account details that the payment should be sent to, and Ms N made a £60 transfer from her Monzo account.

Ms N could see the amount had left her account and had been sent to the correct account details, but the seller began to insist the money had not been received and asked Ms N to send more funds. Concerned she was being scammed, Ms N ended the conversation and contacted Monzo for help. Ms N explained that she thought she had been the victim of a scam.

Monzo considered whether it should refund Ms N for her loss. But it ultimately declined to offer her a refund because it didn’t think she had taken enough steps to check the person she was paying was legitimate or that the tickets existed before proceeding with the payment.

Unhappy with Monzo’s response, Ms N brought her complaint to this service. One of our Investigators looked into things and upheld the complaint. He said Monzo had made a commitment to reimburse customers who had been the victims of authorised push payment scams except in limited circumstances. And he didn’t think Monzo had demonstrated that any of those circumstances applied in Ms N’s case.

Our Investigator pointed out that Ms N had seen screenshots of the tickets and had completed proportionate due diligence considering the amount she was spending. And so, he recommended Monzo fully reimburse Ms N’s loss.

Monzo disagreed with our Investigators opinion. It maintained the view that Miss N did not have a reasonable basis for believing the sale was legitimate when making the payment now in question. It stressed that Ms N had sent the payment to an unknown individual online without a proper basis for trusting that the tickets would be sent to her. It highlighted that the social media site in question was not a ticket selling platform, and many legitimate selling sites had been available to Ms N. It also pointed out that the bank details provided by the

seller appeared to be in someone else's name and it said this should have been of concern to Ms N at the time. For the above reasons, Monzo maintained that it had no obligation to refund Ms N's loss when correctly applying the CRM Code.

As no agreement could be reached, the complaint has been referred 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.

When thinking about what is fair and reasonable in this case, I've considered whether Monzo should have reimbursed Ms N in line with the provisions of the CRM Code and whether it ought to have done more to protect Ms N from the possibility of financial harm from fraud.

There's no dispute here that Ms N was tricked into making the payment. She thought she would receive concert tickets in exchange for her money and the seller did not keep to their side of that bargain. But this isn't enough, in and of itself, for Ms N to receive a refund of the money she lost under the CRM Code. The Code also places obligations on Ms N.

The CRM Code

Monzo has agreed to adhere to the provisions of the Lending Standards Board Contingent Reimbursement Model (the CRM Code) which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

It is for Monzo to establish that a customer failed to meet a requisite level of care under one or more of the listed exceptions set out in the CRM Code if it believes its customer should not receive a refund of the amount lost.

In this case, Monzo has explained that its key concern is whether Ms N made the payment in question without a reasonable basis for believing that the payee was the person she was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom she transacted was legitimate.

Taking into account all of the circumstances of this case, I am not persuaded the concerns Monzo has raised about the legitimacy of the transaction Ms N was making are enough to support its position that she failed to meet her requisite level of care under the CRM Code. It follows that I do not think Monzo has been able to establish that it may choose not to reimburse Ms N under the terms of the Code.

I consider Ms N had a reasonable basis for believing the payment she was making was for genuine goods and that the person she was transacting with was legitimate. In reaching that conclusion, I have thought carefully about what it is realistic to have expected Ms N to do when looking to spend a modest amount online. I'll explain in more detail below:

- Ms N has said the seller was able to show her screenshots of the tickets that she was supposedly selling and the tickets in question looked the same as tickets she had purchased for other concerts in the past. And I can understand why this would've persuaded Ms N the tickets were available to sell to her. And I don't think there was anything obviously untoward about the seller at this point either. I don't think it was

unreasonable for Ms N to have believed the seller was who they said they were and from what Ms N recalls that she saw, she had no reason to think the seller would not keep to their side of the bargain. I understand why the seller only asking for half of the cost of the funds upfront would've lured Ms N into a false sense of security.

- I'm not satisfied that Monzo has placed enough weight on the fact that this appeared to be a private, low value sale between two private individuals. It is difficult to see what more Ms N could've done to establish that the seller was who they said they were or to verify that the item existed. And I'm not persuaded that it would be reasonable to suggest that Ms N should have met up with the seller in person to verify she was who she said she was given the nature of the sale in question.
- I've thought about the price Ms N paid thinking she was getting the concert tickets in question, and I don't think the price the seller requested was low enough that it meant Ms N ought to have questioned it more in her own mind. The price of the item was around the amount you would expect to pay.
- I've thought carefully about what Monzo has said about the bank account details that were provided to Ms N being in a different name to that of the seller and I understand why Monzo feel Ms N should have asked further questions about this. However, as the investigator pointed out, there are a number of reasons why the account details were not in the seller's name, and I don't think this means that Ms N should've realised she might be dealing with a scammer.
- I also acknowledge what Monzo have said about the site in question not being a legitimate ticket re-selling site and I agree. However, the fact remains that despite it not being its specific purpose, the site in question is often used for the type of private sale that Ms N entered into. And so, I don't think the seller using this specific social networking site to sell the tickets in question should've been of particular concern to Ms N at the time.

Overall, I acknowledge that Monzo believes there was more Ms N could have done to assure herself that she could trust the seller. However, I am not persuaded Ms N needed to make such extensive enquiries in the particular circumstances of this case. I don't think Monzo has placed appropriate weight on the fact this was a low value private sale. And, whilst the situation is finely balanced, I think Ms N's actions and assessment of the situation were appropriate and proportionate to a relatively unremarkable payment of £60. And I don't think it would be reasonable to have expected Ms N to make the journey to see the tickets in person or that this would have verified their legitimacy.

Weighing everything up, I don't think it would have been evident to Ms N that there was a considerable degree of risk associated with this purchase. I am not persuaded it did occur to her that there was a possibility she wouldn't receive the tickets or that the sale might not be genuine. It is not realistic to expect Ms N to have the same awareness of what scams like this can look and feel like as the bank does.

I think Ms N took enough care with a relatively modest purchase to say that she had a reasonable basis for believing she was buying genuine goods from a legitimate seller. I don't believe she took a calculated chance by going ahead with the purchase in the circumstances she did. Overall, I don't think Ms N's actions fell below the level of care expected of her in this situation. It follows that I think Monzo ought to have fully refunded Ms N at the time she reported the loss and so it should fairly and reasonably compensate Ms N by refunding that loss now.

Putting things right

For the reasons I've set out above, Monzo should refund the £60 Ms N lost, along with 8% simple interest from the date Monzo declined her claim until the date the funds are returned.

My final decision

For the reasons given above, I uphold this complaint and direct Monzo Bank Ltd to pay the settlement as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 2 April 2024.

Emly Hanley Hayes
Ombudsman