

The complaint

Miss V complains that Monzo Bank Ltd ('Monzo') won't refund the money she lost after falling victim to a scam.

What happened

In July 2023, Miss V was trying to book her practical driving test. She wanted an earlier test date than was available through the DVLA site and found someone on a social media platform who said they could get her an earlier date – I'll refer to this party as M. Miss V says she checked with her driving instructor, a friend and her family, as well as checking M's profile on the social media platform – which had over 14,000 followers.

Miss V made a payment of £400 on 19 July 2023 from her Monzo account to M. When Miss V didn't get the booking confirmation as expected she asked for her money back. Ultimately, Miss V didn't get her booking confirmation or her money back, so she raised a fraud claim with Monzo the same day she'd made the payment.

Monzo obtained information from Miss V in relation to the fraud and told her a specialist team would be in touch as soon as possible once they'd reviewed the information.

On 20 July, Miss V contacted Monzo a number of times via their in-app chat, asking for an update on her claim. Monzo replied saying they didn't have a timeframe as to when she'd get her answer, but they would update her.

On 21 July, Monzo contacted Miss V via their in-app chat and let her know they wouldn't be refunding her. Miss V let Monzo know that she wasn't happy with their decision and Monzo raised a complaint for her. Monzo told Miss V that the complaints team would be in touch within four business days. Later that day Miss V called Monzo and asked that a manager call her back as she was dissatisfied that she wasn't going to be refunded. Miss V was told a manager would call her back within 48 hours.

On 22 July, a Monzo manager contacted Miss V via their in-app chat to let her know that she'd shortly be receiving a call from them. The manager tried to call to Miss V, however, was unable to speak to her. So, they responded to the points Miss V had raised as part of her complaint through the in-app chat.

Miss V wasn't happy with Monzo's response, so she brought a complaint to our service.

An investigator looked into Miss V's complaint and upheld it, recommending that Monzo fully refund Miss V and pay interest on that refund.

Monzo disagreed with the investigator's opinion and asked for an ombudsman to review the case.

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 broad terms, the starting position in law is that Monzo are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

Monzo aren't a signatory of the Lending Standards Boards Contingent Reimbursement Model Code (the CRM Code), but they've agreed to adhere to the provisions of the Code. The CRM Code requires firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that an exception applies. In this case Monzo say Miss V made the payment without having a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

Having carefully considered all of the points that Monzo has raised, I'm not satisfied that they can rely on this exception to reimbursement, and I'll explain why.

- Miss V says a friend had previously used a service to get an earlier test date, without any problems. Also, Miss V says she discussed using this type of service to book her test with her driving instructor.
- Miss V has used the same social media platform previously and bought goods from members with no problems.
- M's profile on the social media platform had a high number of followers and photos which showed how M had helped other customers. While followers can be purchased and the customer photos may not have been genuine, I'm not satisfied that this was known by Miss V or would've been clear to her based on her previous experience using the platform.

Considering all of these points as a whole, I think Miss V did have a reasonable basis for believing that she was using a genuine provider to book her test. I'm not satisfied that there were any warning signs that should've resulted in Miss V doing additional checks before making the payment. Especially as a friend had used a similar service previously and been successful in obtaining an earlier test date.

As I'm not satisfied that Monzo can rely on an exception to reimbursement, they should refund Miss V in full and pay 8% simple interest per year calculated from the date Monzo declined Miss V's claim under the CRM Code until the date of settlement.

Miss V raised concerns about a manager not calling her back as requested, however the in-app chat shows a manager did try to call Miss V within 48 hours as agreed. When they failed to get hold of Miss V, they addressed the points she raised through the in-app chat – which was reasonable in the circumstances.

Monzo has been able to recover £0.82 from the beneficiary account. As I'm recommending a full refund, I don't need to comment on Monzo's recovery actions. However, Monzo can deduct the recovered funds from the refund I'm asking them to pay and calculate interest on the net loss of £399.18.

Putting things right

To put things right Monzo Bank Ltd should:

- Refund Miss V £399.18 (being the £400 payment she made, less the £0.82 that was recovered and paid to her)
- Pay interest on the refund at 8% simple per year, calculated from the date Monzo declined Miss V's claim until the date of settlement.*

** If Monzo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss V how much it's taken off. It should also give Miss V a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

My final decision is that I uphold this complaint against Monzo Bank Ltd and require them to compensate Miss V as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 27 February 2024.

Lisa Lowe
Ombudsman