

The complaint

Mr S complains that Monzo Bank Ltd hasn't refunded him the money he lost after he fell victim to what he believes 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 it in detail here. But in summary, I understand it to be as follows.

Mr S has said that he was contacted randomly by somebody, who I'll refer to as 'A', through a well-known instant messaging app. Mr S has said he didn't know the person, but they were saying that they could help people clear their fines and parking tickets. Mr S said he thought it was legitimate as he'd seen reviews on the app and had seen that other people thanked A for the service that had been provided.

Mr S had many fines for parking and from the council and so thought A could help. Believing everything to be genuine, between September 2022 and February 2023 Mr S sent multiple payments to A, totalling just under £2,000.

But after making the payments to A, Mr S has said he started to receive correspondence, from various authorities, saying the cost of fines had doubled as they hadn't been paid.

Believing he'd been the victim of a scam, Mr S raised the matter with Monzo. It has agreed to adhere to the principles of the Lending Standards Board Contingent Reimbursement Model (CRM Code), which requires firms to refund victims of APP scams in all but a limited number of circumstances. In this case Monzo said that it thought it could fairly rely on exceptions set out in the CRM Code. It didn't think Mr S had taken any steps to verify the authenticity of who he was paying and had no reasonable basis of believing that this was a legitimate sale.

Unhappy with Monzo's response, Mr S then brought his complaint to this service. One of our Investigator's looked into it and didn't think the complaint should be upheld. In summary, it was our Investigator's view that Mr S hadn't fallen to an APP scam as defined by the CRM Code, as he didn't think what was happening sounded like a legitimate purpose for making payments.

Mr S didn't agree with our Investigator's view. As agreement couldn't be reached the complaint has been passed to me for a 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.

I'm sorry to hear of what's happened to Mr S, and I can understand entirely why he feels so strongly that his money should be returned to him. I don't doubt that he has lost money and hasn't received what he was expecting. But I don't find that Monzo has acted unfairly in

declining Mr S' claim under the principles of the CRM Code and deciding not to refund his loss. I'll explain why.

When considering what is fair and reasonable in this case, I've thought about the CRM Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an Authorised Push Payment ("APP") scam. But the first question that needs to be considered is whether a claim is within the scope of the CRM Code. In the individual circumstances of this complaint, I don't find that it is as it doesn't meet the definition of an APP scam.

The CRM Code defines an APP scam as:

Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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.*

Mr S did make faster payments and they were properly authorised in accordance with regulation 67 of the Payment Services Regulations ('PSRs'). So that part of the definition is met. The issue arises in considering point (ii) of the definition. Here it says that the payment must have been made by the customer (Mr S) '*for what they believed were legitimate purposes*'.

I'm not persuaded that Mr S was making payments for legitimate purposes and he ought to have recognised that. I think there were clear indications that this arrangement wasn't legitimate. I don't find it plausible that an individual or company would be able to legitimately guarantee that only 30% of a fine, issued by recognised authorities, would be payable, with the remainder being negotiated. I might understand a situation where a service was being offered to challenge or appeal a fine, but that doesn't seem to have been the case here.

Overall, I'm satisfied Mr S ought not to have thought he was making payments for a legitimate purpose, even if he had his own reasons and personal circumstances for doing so.

It may be helpful to add that, in the circumstances of this case, even if I were to consider that what happened here met the definition of an APP scam, which for the avoidance of doubt and for reasons explained above I don't, I don't think Monzo would be liable for reimbursing Mr S when considering the CRM Code. I'll explain why;

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning
- The customer made payments 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

**Further exceptions outlined in the CRM Code do not apply to this case.*

In the individual circumstances of this case, I don't think the payments would have appeared as so untypical or out of character that they ought reasonably to have given Monzo cause for concern, to the extent where I would have expected it to provide Mr S with an effective warning.

Alongside this, broadly for the same reasons as why I don't consider this was a legitimate purpose for making payments, I don't think Mr S had a reasonable basis for belief when proceeding. I say this as Mr S had been contacted out of the blue and seems to have taken what he was told at face value. It doesn't appear that he made adequate enquiries into the legitimacy of what he was being told. Mr S has said he saw reviews, but that when he looked online he couldn't find anything about A. Given what was being offered was so questionable and considering Mr S' own research didn't return anything about A - I think he ought to have reasonably proceeded with more caution than he did. So, even if I were to consider this to have been a scam I'm not persuaded that Monzo would have been required to refund Mr S under the CRM Code.

But all things considered, where I don't believe the circumstances here satisfy the definition of an APP scam, the payments made by Mr S don't fall within scope of the CRM Code. And so Monzo has acted fairly and reasonably in declining his claim, even if it might have offered different reasons for doing so. And I'm not persuaded there are any other reasons it ought to refund Mr S.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 June 2024.

Stephen Wise
Ombudsman