

The complaint

Miss C complains that Monzo Bank Limited won't refund her after she fell victim to a vehicle purchase scam.

What happened

Miss C has explained that she had recently moved to the UK for the first time from her home country after receiving a job offer. Her employer had provided her with a relocation loan to set up in the country by purchasing a car and finding accommodation. Miss C was therefore looking for a car online and found one advertised on a social media platform, seemingly via a freight business.

Miss C enquired by email about the vehicle and was told it was still available and in great condition. Miss C was told that the vehicle was cheaper than standard as it was purchased at auction. Miss C was also told that as she was dealing with a transportation firm, the company doesn't schedule collections or inspections from their depot – but instead deliver the vehicles and allow a five-day inspection/refund window.

Miss C researched the freight business online and saw it was a genuine firm. On this basis she agreed to purchase the vehicle at a cost of £2,925, including delivery. When arranging payment, Miss C was provided with payment details for a personal account. Miss C asked if the account belonged to an individual and was told this was correct - that it was the agent who organises delivery of the vehicle. Miss C questioned if a business account could be provided as the payment wouldn't send. Miss C was then provided with details for an account in another business name. Believing this to be linked to the freight business in question, Miss C made the payment. Unfortunately, unbeknownst to Miss C, she was corresponding with a fraudster who had cloned a genuine business' name.

When Miss C's vehicle failed to be delivered, Miss C became concerned and researched the freight firm further on the social media platform where she'd first seen the vehicle advertised. At this point she found other posts confirming this to be a scam, and so contacted Monzo to raise a claim.

Monzo investigated Miss C's claim and considered its obligations to provide her with a refund. Monzo has agreed to act in the spirit of the Lending Standards Board Contingent Reimbursement Model (CRM) Code (although it isn't a signatory), which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. Monzo says one or more of those exceptions applies in this case.

Monzo has said Miss C didn't have a reasonable basis for believing she was making a legitimate payment. However, it did acknowledge failings in its timeliness during the complaints process and offered Miss C £50 in compensation to acknowledge this.

Miss C remained unhappy and referred her complaint to our service. An investigator considered the complaint and upheld it. She thought Miss C had made attempts to check the legitimacy of the sale, which were sufficient given her experience and that she had been given a reasonable explanation for the cost of the vehicle being cheaper. She therefore

concluded Miss C did have a reasonable basis for belief when making the payment transfer. Monzo disagreed with the investigator's view. To summarise, it said that:

- The sale was too good to be true, the vehicle price being significantly below the average asking price for that car.
- Miss C was able to identify that this was a scam through further checks once the vehicle did not materialise as promised. Miss C could have completed these checks prior to making the payment transfer.
- Our service has considered complaints similar to Miss C's and concluded that the customers in those cases did not have a reasonable basis for belief.

As Monzo disagreed with the investigator's view, 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.

Having considered this complaint, I am satisfied that:

- Under the terms of the CRM Code, Monzo should have refunded the money Miss C lost in full. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- In the circumstances, Monzo should fairly and reasonably refund the money Miss C lost.

I've carefully considered Monzo's representations about whether Miss C acted without a reasonable basis for believing she was making a legitimate transaction. But they do not persuade me to reach a different view. This is a finely balanced case – and I can appreciate the spirit of the arguments Monzo is making. However, I think it's important to remember that the consideration of 'reasonable' is not applying an objective standard, but instead considers the specific consumer and their specific circumstances.

In this case, while there were undoubtedly some 'red flags' to this being a scam, I've also kept in mind that Miss C had only recently entered the UK for the first time and was therefore less aware of processes for purchasing a car in this country. She's explained that in her home country, her family all use a car exporter website to purchase vehicles from abroad. Therefore the idea of purchasing through a car transport firm didn't concern her as unusual. She's also explained that the explanation she was given for the car's value, alongside her understanding that the car was being held in a warehouse, led her to consider this was a reasonable explanation for the reduced vehicle price.

Miss C did make attempts to verify the business she believed she was communicating with by reviewing them on a search engine. Finding the company to be legitimate, this led her to believe the sale was genuine. Again, I can understand why this would lead Miss C to conclude she was communicating with a genuine firm, particularly considering she'd only just entered the country and so would arguably have less knowledge on how to verify UK companies. While Miss C later found negative reviews on social media about this scam, the Code doesn't require consumers to have exhausted all avenues of checks before proceeding. Given Miss C had already searched online and found nothing untoward, I think her decision to proceed on this basis was reasonable.

Miss C has also explained that she was reassured that the firm was able to provide her with a business account on request, and assumed the different account name of the business was due to the two firms being responsible for different parts of the sales and delivery process. I can understand why the apparent ease with which a business account was provided would've reassured Miss C.

Overall, while again I can appreciate Monzo's comments on this case and appreciate it is finely balanced, I find that Miss C did have a reasonable basis for believing she was making a genuine payment, based on her personal circumstances. Our service considers all cases on an individual basis – while two may appear similar in nature, each customer's circumstances are closely considered when determining what actions would be deemed 'reasonable'. In this case, as explained, it's Miss C's personal circumstances that has led me to reach the decision I have. I therefore find she is entitled to reimbursement for her losses under the provisions of the CRM Code.

My final decision

My final decision is that I uphold Miss C's complaint against Monzo Bank Limited. I require Monzo to:

- Reimburse Miss C the £2,925 she lost to the scam
- Apply 8% interest, from the date Monzo declined Miss C's claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 August 2024.

Kirsty Upton
Ombudsman