

The complaint

Miss G complains that Monzo Bank Ltd won't refund the money she lost when he was the victim of a scam.

What happened

In May 2023, Miss G was looking to book a holiday and was given a number for a travel agent by a friend. She spoke to the travel agent, agreed a price for a flight ticket and then made a payment of £595.99 using her Monzo card – as the travel agent instructed her to.

Unfortunately, Miss G didn't receive her flight ticket despite chasing the travel agent a number of times. She then contacted the airline she was told she was booked to fly with, who told her they had no record of a booking in her name or under the reference number she had been given. So Miss G reported the payment she had made to Monzo as a scam and asked it to refund the money she had lost.

Monzo investigated but said it didn't think Miss G had taken enough steps to check who she was paying. It also said it couldn't raise a chargeback on the payment, as the merchant Miss G paid hadn't made an error. It ultimately offered to pay her a total of £60 compensation for the delays in responding to her claim, but it didn't agree to refund the payment she made. Miss G wasn't satisfied with Monzo's response, so referred a complaint to our service.

I sent Miss G and Monzo a provisional decision on 31 May 2024, setting out why I was intending to uphold this complaint in part. An extract from my provisional decision is set out below:

"Is the payment Miss G made covered by the CRM code?"

I've first considered whether the CRM code applies to the payment Miss G made as a result of this scam.

The Lending Standards Boards Contingent Reimbursement Model (the CRM code) is a voluntary code Monzo has said it is committed to applying the principles of. The code sets out a number of circumstances in which firms are required to reimburse customers who have been the victims of certain types of scam. But it only covers certain types of payment, and doesn't cover card payments.

In this case, the payment Miss G made was done using her Monzo debit card. And so I don't think the payment she made here is covered by the CRM code.

Did Monzo do enough to protect Miss G?

Even though the payment Miss G made isn't covered by the CRM code, the regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Monzo should fairly and reasonably:

- *Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*
- *Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

And so I've also considered whether Monzo should have identified that Miss G was potentially at risk of financial harm from fraud as a result of the payment she made.

But the payment Miss G made here wasn't for a particularly large amount, or for an amount where I'd have expected Monzo to identify it as suspicious based on its size alone. The payment didn't leave the balance of Miss G's account at a particularly unusual level. And there was no activity surrounding the payment, or any other reason, which I think should have caused Monzo concern.

So I wouldn't have expected Monzo to identify that Miss G could be at risk of financial harm as a result of this payment. And I don't think it's unreasonable that Monzo didn't take any further steps or carry out any additional checks before allowing it to go through.

Should Monzo have done more to try to recover the money Miss G lost?

We expect banks to take reasonable steps to help customers recover any money they have lost as a result of a scam, including making use of any available chargeback scheme.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment – which in Miss G's case is the company she made the card payment to. But the company she made the card payment to is a legitimate travel company, who don't appear to have been involved in the scam and don't appear to have done anything wrong. So I think Monzo has acted reasonably in not agreeing to carry out a chargeback against this travel company.

I appreciate that Miss G says her partner was also a victim of this scam, and a chargeback was successfully carried out on the payment they made by their bank. But just because one bank took certain action, doesn't mean I think other banks should also be required to take that action. And I still think Monzo has acted reasonably in not carrying out a chargeback here.

Any other attempt Monzo made to recover the money from the bank it was sent to would also be made to the bank for the legitimate travel company. And as I don't think the travel company did anything wrong, I also don't think anything else I would reasonably have expected Monzo to have done would have recovered the money Miss G lost.

I sympathise with the position Miss G has found herself in. She has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to her. But, for the reasons I've set out above, I don't think Monzo has acted unreasonably or that anything I

would reasonably have expected it to do would have prevented this scam or recovered the money she lost.

Customer Service

In its final response letter in September 2023, Monzo accepted that its investigation into Miss G's claim had taken much longer than it would expect and said it would credit her account with £50 as an apology for this. In its initial response to this service, Monzo then acknowledged that there had been a delay in paying this compensation to Miss G, and so said it had increased its offer of compensation to £60 as a result.

And, from what I've seen of the circumstances of this complaint, I think this offer of £60 is fair and reasonable compensation for the distress and inconvenience this poor customer service caused Miss G. So I don't think it would be fair to require Monzo to pay anything further."

I said I'd consider anything further Miss G and Monzo sent in following the provisional decision, provided it was received by the deadline given.

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.

Monzo didn't respond to the provisional decision.

Miss G replied to the provisional decision saying she didn't get the flight tickets so knows this was a scam, and that her partner successfully received a refund. But, while I recognise that this was a scam and I sympathise that Miss G has lost money and didn't receive the tickets she paid for, I still don't think anything I would have expected Monzo to have done would have prevented the scam or recovered her loss.

As I explained in the provisional decision, I wouldn't have expected Monzo to identify that Miss G could be at risk of financial harm as a result of this payment. And so I don't think it acted unreasonably in not taking any further steps or carrying out any additional checks before allowing it to go through.

And any chargeback attempt Monzo made would have to have been made against the legitimate travel company her card payment was made to, who don't appear to have been involved in the scam or done anything wrong. So I don't think a chargeback would likely have been successful. And, even though Miss G's partner appears to have received a refund, I don't think Monzo acted unreasonably in not carrying out a chargeback on Miss G's payment.

So I still think the conclusions I set out in the provisional decision are correct, and for the same reasons. I still don't think it's unreasonable that Monzo didn't take any further steps or carry out any additional checks before allowing the payment Miss G made to go through, and I think Monzo has acted reasonably in not carrying out a chargeback here. I also still think Monzo's offer of £60 is fair and reasonable compensation for the distress and inconvenience this poor customer service caused Miss G.

My final decision

For the reasons set out above, I uphold this complaint in part and require Monzo Bank Ltd to:

- Pay Miss G a total of £60 compensation, if it has not already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 2 August 2024.

Alan Millward
Ombudsman