

The complaint

Mr M complains that Monzo Bank Ltd did not refund a payment of £307.90 he lost to a scam.

What happened

Mr M found a camera for sale on an online marketplace for £300 and agreed to purchase it. He transferred a total of £307.90 which also included postage costs. When he found out a few hours later that the camera would not arrive in time for the purpose of the purchase, he asked for a refund. The seller stopped replying and they were continuing to advertise the camera on the marketplace. Mr M realised he had been the victim of a scam.

Mr M contacted Monzo to report the scam. While Monzo is not signed up to the voluntary Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, they have agreed to follow the principles of it. In doing so, they did not think Mr M had met his obligations under the code, so they did not agree to reimburse him. There were delays to them explaining this and they often did not reply to Mr M's queries. Because of this, they paid him £100 compensation for the delays. Mr M did not agree with the outcome and referred the complaint to our service.

Our Investigator looked into the complaint and did not think reimbursement was due in the circumstances. They agreed that Mr M did not have a reasonable basis to believe he was paying for genuine goods or services or the person he paid was legitimate. So, they felt Monzo could rely on the exception to reimbursement as set out by the code.

Mr M disagreed with this and mentioned that he was more susceptible to the scam due to his dyslexia and autism. As an informal agreement could not be reached, the complaint has been passed 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 done so, I agree with the investigator for largely the same reasons. I think Monzo is able to rely on the exception for reimbursement. I'll explain why in more detail.

I'm satisfied Mr M has been the victim of a purchase scam and I'm sorry he's had to experience this. The starting point under the relevant regulations and the terms of Mr M's account is that he is responsible for transactions he's carried out himself. However, as explained above, Monzo have agreed to follow the principles of the CRM Code which gives additional protection to victims of authorised push payment scams.

The CRM Code requires a firm to reimburse victims of authorised push payment scams that fall under its provisions, unless a firm can demonstrate that one of the exceptions to reimbursement apply. In this case, it has been said that Mr M lacked a reasonable basis for believing that he was purchasing genuine goods. Having carefully considered this, I agree that Mr M has not met his obligations under the code in this aspect. I'll explain why in more

detail.

Mr M was purchasing goods from an online marketplace, meaning he only had access to photos of the goods he was looking to purchase. He found a camera which was on sale for £300, when the retail price at the time was £440. This was quite a significant reduction in cost, and when Mr M asked if there were issues with the camera he was told it had only been used twice, meaning the condition was likely good as new. I think this price was too good to be true, and this should reasonably have been a warning to Mr M that that something may not be right.

Mr M lived a relatively significant distance from where the camera was supposedly based, meaning it was unlikely he would be able to go and view the camera in person before purchasing it. Where this is the case, and the price is too good to be true, it would be reasonable to pay via a more secure method than a faster payment. Such as by credit or debit card through PayPal, or via the online marketplace itself.

Mr M was speaking with an individual I'll call X who gave an address for a brick and mortar shop where the item was located. X then gave a different name for the payee which Mr M should send the payment to. Considering the price was significantly lower than retail price, and Mr M had been unable to view the item in person, I think he should reasonably have been wary of paying into a personal account that was in a different name to the individual he had been speaking to. X told him this was the owner of the shop, but I think it would have been reasonable to question why X was selling items on an online marketplace on behalf of an owner of a physical shop.

I note the shop had a telephone number on its website, so it was possible to Mr M to call them up and ensure they had the item for sale, or for him to have paid via a more secure method. Having considered all of the circumstances of the scam, I think Mr M lacked a reasonable basis for believing he was buying a genuine product from X. So, I think he failed to meet his obligations as set out by the CRM code and therefore, the exception to reimbursement can be applied.

Under the code, Monzo should provide effective warnings where they identify a scam risk during a payment journey. Having reviewed the payment of £307.90, I don't think it was significant or unusual enough to warrant a warning from Monzo. With this in mind, I think Monzo met their obligation under the code.

Mr M mentioned that he has autism and dyslexia and says this may have made him more susceptible to the scam. I've considered whether it would be reasonable to expect Mr M to have protected himself against this particular scam. We asked Mr M for more information about his medical conditions, but unfortunately we have not received a response. On balance, it is difficult for me to agree that Mr M was more susceptible to this particular scam due to the medical issues he has mentioned. While I note that the sale was completed over messages, there was no time pressure placed on Mr M to quickly accept the deal and process the payment. So, I think he had time to reflect and make sure he understood what he was purchasing and that he was therefore able to protect himself against this particular scam.

I've finally considered the compensation awarded to Mr M of £100. I agree that Monzo caused unnecessary delays when it handled his claim and that they did not clearly and promptly communicate with him throughout the process. On balance, I think the £100 compensation already paid to Mr M is fair and in line with what I would have recommended in the circumstances.

My final decision

I do not uphold Mr M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 April 2024.

Rebecca Norris
Ombudsman