

The complaint

Mr B is unhappy because Metro Bank PLC (Metro Bank) did not reimburse the money he transferred to a fraudster.

What happened

Mr B found a van he was interested in buying on an online marketplace he'd bought vehicles from before. He felt the price was reasonable and checked the seller's information on the site. The seller had positive reviews in respect of previous sales. Mr B called the number provided and asked further questions about the van and delivery. Mr B asked the seller what it would take for the seller to remove the marketplace listing for the van. The seller confirmed there had been a lot of interest in the van so Mr B would need to pay half of the cost and the remaining sum could be paid on delivery. As Mr B and the seller didn't live near each other it wasn't possible to pay in cash, so Mr B agreed to a bank transfer and to pay the other half in cash on delivery. The full cost of the van was £3,000.

Mr B says that before making the payment he looked at the DVLA website and satisfied himself that the make, model and registration existed, and the vehicle was properly taxed and had a valid MOT.

After Mr B had paid half of the cost of the van by bank transfer the seller told Mr B that another buyer had offered to pay the full price of the van, so the seller said he'd refund Mr B's payment. The seller went on to say that if Mr B wanted the van he could pay the balance before delivery. Mr B asked the seller to provide his address and noted the postcode matched the marketplace advert. He then agreed to make a second transfer of £1,500. On the agreed delivery day, the van didn't arrive, and Mr B was no longer able to contact the seller. He realised he'd been the victim of a scam and contacted Metro Bank.

Metro Bank is a signatory of the Lending Standards Board Contingent Reimbursement Model CRM Code which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. Metro Bank has refunded Mr B 50% of his loss as it says it could have provided him with better warnings when he made the payments. Metro Bank hasn't refunded Mr B the rest of his loss as it says that one of the exceptions under the Code applies. It says Mr B paid for the van without having a reasonable basis for believing the payment was for genuine goods or services or that the seller was legitimate. Metro Bank says this because:

- Mr B didn't pay on the online marketplace platform.
- Mr B didn't view the van before buying it.
- Although Mr B verified the vehicle existed he didn't take any steps to verify that the seller was the legal owner of the van.

The investigator who considered Mr B's complaint felt Mr B had a reasonable basis for believing the payment was for a genuine van and the seller was legitimate and explained why. Metro Bank disagreed and asked for a final decision, so the complaint has been passed to me to consider. It said that as Mr B had bought cars through the same marketplace before he should have been aware of their payment policy and that he shouldn't

engage in any activity designed to complete or facilitate a transaction outside of the marketplace. Metro Bank also disagreed with an assumption made by the investigator in respect of why he thought it wasn't unusual for sellers to ask for a deposit and negotiate the price after the listing was removed (the investigator presumed this was to save a fee but Metro Bank said a fee would still be payable).

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.

- Under the terms of the CRM Code, Metro Bank should have refunded all the money Mr B lost. I am not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this case.
- In the circumstances Metro Bank should fairly and reasonably refund the money Mr B lost.
- The money was taken from Mr B's current account. It is not clear how Mr B would have used the money if Metro Bank had refunded it when it should have done, so Metro Bank should also pay interest on the money it should have refunded at 8% simple per year from the date it declined his claim under the CRM Code to the date of payment.

I have carefully considered Metro Bank's representations about whether Mr B had a reasonable basis for believing the transactions to be genuine. But they do not persuade me to reach a different view. In particular I am not persuaded that Mr B failed to take the requisite level of care required for Metro Bank to choose not to reimburse him under the terms of the CRM Code.

I'm satisfied that Metro Bank has not shown that Mr B lacked a reasonable basis of belief because:

- Mr B felt the seller was legitimate as he had operated for several months and had positive reviews and ratings.
- Mr B didn't see the van as the seller lived over 80 miles away and said he worked away from home during the week, so Mr B completed certain checks to satisfy himself the van he was buying existed, had a valid MOT and had been taxed. I appreciate these checks didn't demonstrate the seller's ownership of the van and that Mr B could have done more. But just because there were additional checks Mr B could've undertaken doesn't automatically mean he didn't have a reasonable basis for belief that the purchase was legitimate or that he acted unreasonably. This is especially the case given Mr B wasn't warned about scams of this nature. Buying cars 'sight unseen' is increasingly common, and in all the circumstances I think it's understandable that Mr B didn't undertake further checks, and I'm persuaded he had a reasonable basis for believing he was buying a genuine van from a legitimate seller.
- There was nothing unusual about Mr B's interactions with the seller. The seller was polite and knowledgeable about the van and did as he said he would in terms of removing the listing when Mr B paid the first £1,500. He also offered to refund the first payment Mr B made after telling him another buyer had offered to pay the full amount upfront, which helped to persuade Mr B he was genuine. With the benefit of hindsight, I consider the seller subtly pressurised Mr B in to making the second payment by saying that another buyer had offered the full cost of the van. But I don't

consider it to be unreasonable that this didn't concern Mr B at the time.

- I don't believe that paying for the van through the marketplace it was advertised on would have made a difference in the circumstances of this case. I say this because the marketplace asks for payments to be made through it to be eligible for its money back guarantee. But the money back guarantee doesn't cover vehicle purchases. The marketplace provides safety tips for buying vehicles on it which includes advice about the price, inspection, being cautious about emails that seem to be from the marketplace, warranties or return policies, speed of payment and free shipping. The advice doesn't say a buyer should never pay by bank transfer and, as I've already said, even if Mr B had used a different method of payment he wouldn't have been covered by the marketplace's money back guarantee.
- Mr B says he'd bought a car on the marketplace some years before without any problems. His preference was to pay cash, but it wasn't possible to do so in this case. After this scam Mr B says he bought another van through the same marketplace but paid in cash.

Overall, I'm not persuaded Metro Bank has shown that Mr B made the payment without a reasonable basis for believing that the payment was legitimate, and I'm satisfied he wasn't grossly negligent for broadly the same reasons.

Putting things right

The Code explains that where a customer has met their requisite level of care (which as I've explained, I'm satisfied was the case here) they should be refunded all the money that was lost. So I think it's fair that Metro Bank refund the remaining £1,500 Mr B lost, together with interest as set out below.

My final decision

For the reasons I have explained above I uphold the complaint and award Mr B £1,500 plus interest at 8% simple per year from the date Metro Bank PLC declined his claim under the Code to the date of settlement – less tax if lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 September 2021.

Jay Hadfield
Ombudsman