

The complaint and what happened

Miss B complains Al Rayan Bank PLC won't reimburse £6,980 she lost when she fell victim to a police impersonation scam. She was tricked into believing she needed to temporarily make payment to avoid serious criminal proceedings.

Our investigator upheld the complaint in part. She was satisfied Al Rayan ought to have intervened in the final payment made; it was the fourth payment in one day, made in quick succession, to a new payee. She asked it to reimburse the payment, add 8% simple interest and pay £200 compensation for the distress and inconvenience caused.

Al Rayan agreed to make the payment as a gesture of goodwill, albeit it believed interest should only be paid to the date it agreed the investigator's view. Miss B didn't agree and believes the bank ought to have intervened much earlier in the day.

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.

Although I have only briefly summarised the background and arguments above, I'd like to reassure both parties that I have read and considered everything provided. Having done so I agree with the investigator's findings for the following reasons:

- Miss B authorised the transactions, even if she was tricked into doing so. Whilst she didn't intend for her money to go to scammers, she is initially presumed liable for the loss; a bank is required to carry out payment instructions it receives from its customers.
- However, Al Rayan ought to be aware of our approach of expecting it to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at risk of fraud; and in some situations, make additional checks before processing payments or declined them altogether to protect customers from possible financial harm from fraud or scams.
- Having obtained bank statements from Al Rayan for the account, I have reviewed its operation in the months leading up to the transactions in question. And although Miss B has said she never spent the sorts of amounts in question, I disagree, there was some similar if not higher expenditure through card purchases in September and November 2020. However, I do agree, that setting up more than one new payee, and making multiple payments in one day, in quick succession, was highly unusual for the account. Like the investigator, I'm satisfied the bank ought to have intervened when the final payment was made. I'm not persuaded it should have acted earlier, as customers do set up new payees and make payments on the same day. But by the time of the fourth payment, I'm satisfied the pattern of payments was suspicious and indicative of a scam. Taking all of this into account, I'm satisfied Al Rayan's systems ought to have triggered an alert and payments paused pending further intervention – such as making enquiries or giving a scam warning.

- Had Al Rayan carried out its due diligence and duties and asked Miss B about the payments, I have no reason to doubt she would have explained what was happening. It could have informed her that police wouldn't act in the manner described, and certainly wouldn't have asked for payments to be made in order to stop a criminal prosecution from proceeding, particularly that they would be temporary and she would get more back. I'm satisfied a warning from her trusted bank would likely have exposed the scam and caused Miss B to stop making payments, thereby preventing further loss of £2,500.
- I have considered the fraud alert that Al Rayan has said Miss B had seen 73 times, including on the day in question. And this does warn of police impersonation. But it also talks of moving money to a safe account, not the situation she was in. Rather Miss B had been told her identity had been stolen to carry out various criminal activities which she might be held responsible for. I'm therefore not persuaded the alert was that impactful. I have considered the scammer Whatsapp'd information to Miss B, a method I'm not persuaded police would use to contact prospective victims, and I can see the Whatsapp number the messages were coming from was a mobile number. This could have alerted Miss B to something not being quite right. But I have borne in mind, the number Miss B was purportedly called from is a genuine police number, so it appears to have been spoofed. So when she checked this, she was reassured she was dealing with a genuine police officer. Understandably she was in a state of panic, to stop being prosecuted for crimes she hadn't committed, and she had very little time to take steps to avoid that. This was a sophisticated scam, that played on Miss B's panic and upset. I'm therefore not minded to say she should bare any responsibility for the loss such that I would reduce compensation.
- Al Rayan agreed to the investigator's outcome but said interest should only be payable until the date it agreed to settle as suggested. However, our approach is that interest should be paid until the date of settlement, and I see no reason to depart from that.
- I also agree Al Rayan should pay additional compensation. This was a particularly cruel scam that caused Miss B a lot of upset and worry. Whilst the bank isn't responsible for the actions of the scammers, this occurred at a time when she was already under pressure because of exams. Action from her trusted bank would have stopped the scam in its tracks, lessening her immediate financial loss, and alleviating any concern and panic she had about being implicated in criminal activity. I find £200 to be a fair reflection of that.
- Finally I note Miss B is unhappy about the recovery attempts by Al Rayan. However, it can only make attempts by contacting recipient banks to ask for a return of funds; it isn't responsible for how quickly, or if at all, the recipient bank responds. I can see it has done that. And whilst Miss B is unhappy at not getting updates, it doesn't appear there was anything to update on, and it's now highly unlikely any response is going to be forthcoming from the remaining bank.

My final decision

For the reasons given, my final decision is that Al Rayan Bank PLC should pay Miss B:

- £2,500 as the loss from the final payment; and
- Add 8% simple interest to that sum from the date of payment to the date of settlement (less any lawfully deductible tax); and
- £200 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 October 2022.

Claire Hopkins
Ombudsman