

The complaint

Mrs G complains about Vanquis Bank Limited. She is unhappy that Vanquis won't refund her money that she lost to a scam in February 2021.

Mrs G feels that Vanquis should have done more to protect her from the scam and pay her back the money that she has lost.

What happened

In February 2021, Mrs G came across a scammer on Facebook. The scammer messaged Mrs G through Facebook messenger, and presented her with an investment opportunity in which Mrs G could double her money. Mrs G was persuaded to purchase Cryptocurrency from 'M' and transfer the funds to the scammer. She made five payments totalling £2702.70.

Once Mrs G realised she had been the victim of a scam she reported this to Vanquis. Initially Vanquis raised a chargeback and refunded Mrs G the money she had lost but this was later reversed as the chargeback was disputed.

Mrs G complained, but Vanquis didn't uphold her complaint. She then brought her complaint to this Service. Our Investigator considered the complaint but didn't think that the complaint should be upheld.

Mrs G asked for an Ombudsman to consider the complaint, so the case has been passed to me to make 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've decided not to uphold Mrs G's complaint for materially the same reasons as our Investigator. I know that this will be disappointing for Mrs G, so I'll explain why.

It is not in dispute that Mrs G has been the victim of a scam so firstly I need to consider if Vanquis out to have prevented what happened.

Should Vanquis have prevented the payments in the first place

I don't think that Vanquis could reasonably have been expected to prevent the payments that Mrs G lost to a scam. This is because at the time generally, banks were expected to process payments a customer authorised it to make. And under The Payment Services Regulations and terms and conditions of the account, Mrs G is presumed liable for the loss in the first instance, in circumstances where she authorised the payment. That said, as a

matter of good industry practice, Vanquis should have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

I understand that Vanquis previously blocked five transactions Mrs G attempted to make on 18 February 2021 to the seller of the Cryptocurrency – 'M' – she was persuaded to buy by the scammer – these payments were for £2959.30 each. Mrs G called Vanquis on the 19 February 2021 to query why her payments had been declined. Vanquis has provided a call recording of the conversation that took place.

In this call Vanquis explained that the payments had been blocked because it wasn't sure that it was Mrs G attempting to make the payments as the security code that had been entered was incorrect. Mrs G explained that it was her trying to make the payments, and so the block was removed from her account. Mrs G then went on to make five smaller payments totalling £2702.70.

I don't think that Vanquis needed to do any more here – it had already blocked the payments Mrs G was attempting to make, and Mrs G had explained that it was a genuine transaction she was attempting. I would expect a business to make proportionate checks here – and as there was no risk identified with the transaction itself other than the incorrect security code being entered I'm satisfied that Vanquis did enough here.

The payment was also not to the scammer directly, but to 'M' a legitimate merchant which sold Cryptocurrency. The Cryptocurrency was transferred into Mrs G's Crypto-wallet, which she then independently transferred on to the scammers. I can't see that there were any warnings about the merchant Mrs G paid that ought to have given Vanquis cause for concern – and not all payments made for Cryptocurrency are a result of a scam either.

So, I'm satisfied that Vanquis didn't miss an opportunity to prevent the payments before they were made.

Vanquis' attempts to recover Mrs G's payments

Mrs G made her payments by her Vanquis credit card – however, she does not enjoy protection under the Section 75 Consumer credit Act 1974 for the payments that she made. This is because the involvement of the cryptocurrency provider breaks the debtor (Mrs G) - creditor (Vanquis) - supplier (scammer) chain as the 'supplier' in this scenario and according to the statement is the cryptocurrency provider ('M') itself. 'M' is not the scammer complained about here – and provided the Cryptocurrency to Mrs G.

Vanquis did raise a chargeback on behalf of Mrs G when she told it that she had been the victim of a scam. Chargeback is a process by which disputes are resolved between card issuers (in this instance Vanquis) and the merchant ('M'). It initially refunded Mrs G the payments she had made pending the outcome of the chargeback.

However, Vanquis re-debited Mrs G when on receipt of a chargeback defence from 'M'. I understand that Mrs G was disappointed with this as it must have appeared like the matter was resolved. But as our Investigator explained to Mrs G, there was no recourse available through a chargeback as 'M' provided the service Mrs G had requested, which was the purchase of Cryptocurrency, and transferred this to Mrs G's own crypto-wallet as requested. The subsequent transfer of the Cryptocurrency to a different wallet (which Mrs G made as a result of the scam she fell victim to) is therefore a separate matter – and so a successful chargeback would never have been possible. And so, Vanquis reasonably re-debited the

funds from Mrs G.

I do have sympathy for the situation that Mrs G now finds herself in – she has been the victim of cruel scam – this is not in dispute. However, the loss that she has suffered is ultimately caused by the scammers themselves – not Vanquis. And I can't ask Vanquis to refund this loss to Mrs G when I don't think that it has done anything wrong.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 2 March 2023.

Claire Pugh
Ombudsman