

Complaint

Mr F is unhappy that Think Money Limited didn't do more to protect him when he fell victim to a scam.

Background

The facts of this complaint are well known to both parties and so I don't intend to set them out comprehensively. In 2021, Mr F fell victim to a romance scam. He was vulnerable following a recent bereavement and began communicating with a woman online who claimed to live in the United States. These interactions went on for some time and included many video calls. Mr F believed he was establishing a relationship with this woman. Unfortunately, it turned out that she started communicating with Mr F because she wanted to scam him.

She started asking Mr F for money for specific purposes. This went on over a period of just over eight months. In January 2022, he suspected a scam and so he called Think Money. During that call, an employee of the bank told him that it was likely that this was a scam and asked that he not send any more payments to this person.

It also investigated whether it could've done more to protect Mr F from fraud. It said it hadn't been aware of the bereavement Mr F had suffered and so wasn't able to factor in any potential vulnerability in the way that it helped him manage his account. It also said that it couldn't realistically have intervened to prevent the scam because the activity on his account didn't have the hallmarks of a scam. The payments were quite low value and they were spread out over an extended period meaning that there was no clear pattern that might otherwise have helped them identify a fraud risk.

However, when investigating the complaint, it listened to a phone conversation Mr F had with Think Money on 22 October 2021. During this call, Mr F shared some information that strongly suggested that the relationship he'd established with this woman was really a scam. Although it didn't take any action at the time, Think Money accepted that it was on notice of the fact that Mr F was at risk of financial harm. For that reason, it agreed to refund all the payments made from that date onwards.

Unfortunately, in March 2022, Mr F began sending payments to the scammer again. By that point, a complaint had been made to this service on his behalf by his representatives. It was looked into by one of our Investigators. She said that, once it was established that Mr F had been a victim of fraud, it should have either imposed a restriction on his account or an internal instruction to flag payments like the ones he'd made to the scammer for closer attention. She thought that, if it had done so, it would've prevented him from re-establishing contact with the scammer and starting to send money again.

However, she accepted that he had been told that he shouldn't send any more funds to this individual and so concluded that it would be fair and reasonable for him to be considered partially responsible for his losses. She recommended that Think Money refund him 50% of the value of the payments he made following its conversation with him in January 2022.

Think Money disagreed with the Investigator's opinion. It said that Mr F had been receptive to the advice of its call handler at the time, seemed to accept that he had been victim of a scam and agreed to not make any more payments. As a result, it didn't think there would've been any obvious need to have acted in anticipation of Mr F falling victim to the manipulation of the same scammer all over again.

Because Think Money disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Think Money has already refunded the payments Mr F made between 22 October 2021 and the phone call he had with one of its employees. The only issue under consideration therefore is whether it should also be expected to reimburse Mr F for the payments he made after that call. The starting point in law is that he is presumed liable for them because he authorised them. However, Think Money is also expected to:

- 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.

In summary Think Money was expected to be on the lookout for account activity that suggested an increased risk of fraud. In this instance, it knew that Mr F had fallen victim to a scam very recently. This was something it needed to factor in when attempting to protect him from fraud and scams from that point onwards. When he asked Think Money to process payments via a third-party payment remittance company, it should have recognised this was following the same pattern as the payments he made as part of the scam. It should therefore have intervened and spoken to Mr F before processing them. It's highly likely it would've been able to persuade him that this was a scam and get his consent to cancelling the payment requests.

Think Money has said that its systems allow it to impose an exception on an account that could've blocked Mr F from making payments like these. However, it didn't think it had any good reason for doing so because of the way Mr F had reacted during the call in which he was told that it was likely he was the victim of a scam and that he shouldn't send any more money.

I've listened to that call. And while it's apparent that Mr F had begun to acquire some insight into what had happened to him, I don't think it was enough for Think Money to be confident he wouldn't be manipulated into sending money once again. The tone of his voice during the call certainly displayed an element of uncertainty. He told that the call handler that he was still in love with the woman he'd been sending money to, even though he'd just been told she

was a scammer. And although the call handler implored him to not send any more money to the scammer, he didn't unambiguously agree to go along with that request. Instead, he talked in general terms about the need for him to focus on himself more in future.

Overall, Think Money needed to factor in what it knew about the scam he'd fallen victim to and bear that in mind when assessing the risk associated with later payments. If it had done so, I think it's likely it would've prevented him from making those subsequent payments.

However, I've also considered whether Mr F should be considered partially responsible for his own losses here. In doing so, I've considered what the law says about contributory negligence but borne in mind the fact that I must decide this case on the basis of what I consider to have been fair and reasonable in all the circumstances.

Mr F was told clearly that he should stop sending money to the scammer but acted against that advice. For that reason, I agree with the conclusion reached by the Investigator that it's fair and reasonable for Mr F to be considered partially responsible and for Think Money to make a deduction of 50% from any refund it pays him.

My final decision

For the reasons I've explained above, I uphold this complaint. If Mr F accepts my decision, Think Money Limited needs to refund 50% of each of the payments he made to the scammer after the January phone call.

It should also add 8% simple interest per annum for each payment refunded calculated to run from the date of the payment until date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 March 2023.

James Kimmitt
Ombudsman