

The complaint

Mr B complains that Co-Operative Bank Plc (“Co-Op Bank”) have failed to refund over £8,900 he says he lost to an investment scam in August 2021.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I will provide a brief summary and focus on giving the reasons for my decision.

Mr B says he fell victim to a cryptocurrency trading scam with Skybet8.com in August 2021. He says he was told about the site by a person he was speaking to on a dating app, and that he also knew of friends who were making money from the site.

Mr B made several payments to cryptocurrency platforms that totalled over £8,900, where the funds were then sent from his crypto wallet to Skybet8.com. He says his account showed that he was making large profits and was even able to make up to five withdrawals, so he didn’t have any concerns that the merchant was not legitimate.

However, Mr B later requested to withdraw a large amount of money, at which point he was asked to pay an upfront tax bill of £18,000. It was at this point that he suspected he was being scammed, and the merchant stopped replying to him.

Co-Op Bank refused to refund the money Mr B had lost as it said he had authorised the payments. Our investigator also didn’t uphold the complaint. She didn’t think the payments would have appeared particularly unusual and was satisfied that the checks Co-Op did carry out were proportionate in light of the value of the payments. Mr B disagreed, so the matter has been escalated to me to determine.

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 conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Mr B authorised the disputed payments he made to the crypto platforms using his Co-Op Bank debit card, where his funds were then subsequently transferred on to Skybet8.com. The payments were requested by him using his legitimate security credentials provided by Co-Op bank, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, in accordance with the law, regulations and good industry practice, a bank has a duty to protect its customers against the risk of fraud and scams, so far as reasonably possible. If in breach of that duty, a bank fails to act on information which ought

reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

- It's not exactly clear that Mr B has fallen victim to a scam here. Mr B said he thought that Skybet8.com was a cryptocurrency investment platform, but later realised it to be a gambling site (which he said he wouldn't have used if he had realised). There do not appear to be any warnings about this merchant or website online. And there's also no evidence to show in what circumstances Mr B transferred the cryptocurrency to Skybet8, and whether this was for the purposes of gambling rather than a fraudulent investment. So, I can't be sure that Mr B hasn't just lost his money through placing some high-risk bets, for example, as opposed to losing it to an investment scam, as there's no evidence to suggest this.
- Indeed, Mr B's testimony seems to suggest that he was gambling, as he has mentioned having to select various numbers and "spinning a wheel" which would produce a return depending on where the spin landed. But I accept that there are certain aspects of it that do bear the common hallmarks of a scam, such as being encouraged to make payments by someone on a dating app, being asked to pay a large amount of tax on a withdrawal, and the fact that the website has now disappeared. So, I have proceeded on the basis that Mr B has been scammed here. But even accepting this as the case, I don't think Co-Op Bank would be liable to refund the money he has lost in any event. I'll explain why.
- Co-Op Bank has said that its fraud system was triggered on two occasions for payments made on 2 September 2021 and 28 September 2021. On both occasions, it asked Mr B to verify the payments as genuine, which he did. However, I'm satisfied there were other indications of suspicious activity *prior* to this, such as three separate payments being made to Kraken on 25 August 2021 within the same hour, amounting to almost £4,500. So, I accept that Co-Op Bank ought reasonably to have spoken to Mr B sooner, and in more detail than it did when it spoke to him in September 2021, as its questioning did not go far enough.
- Mr B says that he would have told Co-Op bank about Skybet8.com and that it could have used its experience to identify it as a scam. However, I'm not persuaded there would have been enough for Co-Op to reach such a conclusion, or that Mr B would have necessarily been forthcoming with what he was doing. I say this because Mr B was called by a different bank in relation to the same scam, where it asked him whether he was dealing with anyone else regarding his investment in cryptocurrency, or whether anyone had approached him saying they could help him make money or told him where to invest. Mr B didn't tell the bank that anyone else was involved and said he had set everything up himself, despite having been introduced to Skybet8.com by a person he met on a dating app, who suggested which crypto platforms he should use.
- It isn't clear why Mr B wasn't upfront with the other bank in explaining how he was introduced to the website and whether anyone else was assisting him. But seeing as he didn't disclose this information, I don't think it's likely he would've been forthcoming with all the details had Co-Op Bank asked him further questions either. Therefore, I don't think any further intervention the bank could've made would've got to the bottom of what was unfolding.
- Even if Co-Op Bank ought to have suspected it was a scam and provided Mr B with a warning, I'm not persuaded it would've stopped him from making the payments or have ultimately prevented his loss. There were no warnings or bad reviews about Skybet8.com online. Indeed, one of the only reviews visible now is from a scam detector website that says the site is actually trustworthy. Mr B had also been able to make five withdrawals from his trading account, which he said made him think it was legitimate. He

also said he had friends who were receiving large returns through the site, and so says he felt there was proof from people he trusted that it worked and was legitimate. Mr B also said that he worked in IT and, prior to making the payments, he carried out technical checks into the website, where he didn't find anything of concern.

- So, even if Mr B was upfront about what he was doing – and were Co-Op Bank to have provided him with a scam warning – I'm not persuaded that any further checks he could've carried out would have led him to believe that he was likely being scammed.
- I've also thought about whether Co-Op Bank could have done more to recover the funds after Mr B reported the fraud, as in some circumstances the money can be recovered via the bank raising a chargeback dispute. However, in these circumstances, Mr B used his debit card to pay legitimate crypto-exchange platforms before the funds were subsequently transferred on. So, he wouldn't be able to make a successful chargeback claim in these circumstances because the company he paid had provided the services as intended (i.e. the purchase of cryptocurrency). Therefore, I do not think Co-Op Bank were under any obligation to raise a chargeback for Mr B either.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Co-Op Bank liable for his loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 May 2023.

Jack Ferris
Ombudsman