

The complaint

Ms G complains that Advanced Payment Solutions Limited trading as Cashplus Bank (APS), didn't do enough to prevent the loss she suffered when she sent money to one of their accounts as the result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In August 2022 Ms G was sadly the victim of a 'safe account' scam. Scammers impersonated genuine banks and told Ms G she needed to move her money as her account was under threat. As part of the scam she transferred money between several of her accounts. The final payment she made was from an account she held with 'R' to an account controlled by the scammer which was with APS.

This payment was for £9,950 and took place on 1 August 2022. When Ms G realised she'd been the victim of a scam she reported this to all relevant parties. R contacted APS who said by that point there were no funds to return.

Ms G complained to R and that complaint was considered by our service. The outcome of the complaint was that it was upheld in full, but a reduction in the award of 50% was made due to Ms G's contributory negligence. Both R and Ms G accepted that outcome and I understand R paid Ms G £4,975.

Ms G had also complained to APS. She thinks they are at fault for allowing a scammer to open and operate an account. She also doesn't think they did enough to trace the scammer. One of our Investigators considered this complaint. Again the complaint was upheld. But after taking into account contributory negligence and the money already paid by R, it was recommended that APS should pay Ms G £2,487.50 plus 8% interest. Ms G accepted this outcome, but APS didn't, and they asked that an Ombudsman review the complaint.

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 overall outcome reached by our Investigator. I'll explain why.

I'm satisfied that APS correctly followed their process when opening the account in question. I don't think they reasonably could have known at that time that the account they were opening would later go on to be used in connection with a fraud or scam. So, I don't think APS could have prevented any of Ms G's outstanding loss at the point they opened the account. And in relation to Ms G's point about APS tracing the accountholder, I'm confident they will share any relevant information with the police upon receipt of a request to do so. But it's not for APS (or our service) to investigate crime.

APS also have obligations to be alert to fraud and scams and are required to monitor their accounts. The APS account that Ms G was tricked into paying had relatively recently been opened. And such accounts can present an increased risk of misuse compared to more established accounts. Ms G's money was the first meaningful credit into the account. It arrived in the account at 2.13pm on 1 August 2022. Four minutes later a series of outgoing payments began. In total there were seven outgoing payments made in around three minutes, all of these went to the same beneficiary. These seven payments spent all of Ms G's funds as well as the small balance that was already in the account.

I've considered APS' point that as a new account, they had no prior activity to use as a basis for what was 'normal' account activity. But payments can still look suspicious (even without prior activity to reference), and I think these did. The speed with which the money was being transferred, particularly to the same beneficiary was indicative of potentially fraudulent activity. This is something that is commonly seen in both unauthorised account use and the movement of the proceeds of a scam and I think APS ought to have picked up on this.

I understand there is a balance to be struck between stopping and checking payments and allowing customers free access to their funds. And I accept that APS don't want to unnecessarily inconvenience their customers making genuine payments. But in the circumstances of this case, I think by the time we got to the fourth outgoing payment (which was made only 58 seconds after the first), there was enough here to expect APS to have acted. And I'd have expected APS to have blocked the account and looked closely at the activity.

APS then would have seen that the information included alongside Ms G's payment indicated that their customer might have not been the intended beneficiary. This is because there was a mismatch between the account holder's name and what Ms G had recorded as the intended beneficiary when sending the payment. This would have increased APS' suspicions. At this point they also would have noticed that the outgoing payments were going to a business that is known to provide cryptocurrency (although not exclusively). Whilst none of these factors might be entirely conclusive on their own, it all adds to the picture that this account was likely being misused.

I would have expected APS to have contacted their customer and to have asked about their entitlement to the incoming payment. When APS contacted their customer after the scam had been reported, they didn't respond. So, I've no reason to think things would have been different had that intervention happened at an earlier point.

I think it's most likely that APS intervening in the fourth outgoing payment would have meant that slightly more than Ms G's outstanding loss of £4,975 (following the outcome of her complaint about R) would have been recoverable. But I also have to consider Ms G's own conduct and I think it is fair that she bears some responsibility for her loss. This has already been explained in the outcome of her complaint about R, so I won't cover the same ground again. And Ms G effectively accepted this when accepting the outcome of that complaint. I agree that a 50% reduction due to contributory negligence is fair in all the circumstances.

For completeness, there were no failings by APS which impacted Ms G's loss in relation to acting upon the notification of fraud from R, as the money had been spent so quickly. But I agree with our Investigator that a fair outcome in all the circumstances is for APS to pay Ms G half of her outstanding loss, that being £2,478.50. I also agree that 8% simple interest should be added to this amount to be calculated between the date of loss and the date of settlement to compensate Ms G for being without access to her funds for that period of time.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint and direct Advanced Payment Solutions Limited trading as Cashplus Bank to pay Ms G £2,478.50.

8% simple interest (yearly) should be added to this amount between the date of loss and the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 11 October 2023.

Richard Annandale
Ombudsman