

The complaint

Mr R is unhappy with the service The Co-operative Bank Plc provided after he was a victim of an authorised push payment (APP) scam.

What happened

Mr R made the following payments as a result of a scam:

Date	Type of Transaction	Amount
26/11/2022	Faster payment to C	£100
29/11/2022	Faster payment to C	£160
29/11/2022	Faster payment to C	£250
30/11/2022	Faster payment to C	£1,000
30/11/2022	Faster payment to C	£2,500
30/11/2022	Faster payment to C	£4,400
30/11/2022	Faster payment to S	£7,500
30/11/2022	Credit from S	£7,500
30/11/2022	Payment cancelled	£13,000
02/12/2022	Faster payment to C	£5,500
02/12/2022	Faster payment to C	£7,500
	Total	£21,410

Mr R was contacted by the scammer via WhatsApp. He thought he was being contacted by an employee at a legitimate recruitment company. The scammer told Mr R that they worked in data optimisation for large social media company. They then demonstrated the company's website via Any Desk. Mr R felt that the scammer was persuasive, so he registered to the task platform. He also researched the company and found information that suggested that the scam company was regulated in Singapore. However, the scam company is a copycat of the legitimate marketing company.

The Co-Op has said that Mr R didn't carry out any due diligence into the company nor did he receive any information which would confirm that it was genuine. He didn't have any credible information into the scammer prior to sending the funds. And after it stopped the payment of £13,000 Mr R still went on to make further payments to the scammer.

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.

It's not in dispute that Mr R authorised the payments in question. He sent a total of £21,410 to the scammer. While I accept that Mr R didn't intend for his money to go to the fraudster, under the Payment Service Regulations 2017, he is presumed liable for the loss in the first instance as the payments were authorised by him.

This remains the position, unless there is sufficient evidence that The Co-Op should fairly and reasonably have done more to protect him, e.g. by failing to act on clear triggers of unusual or uncharacteristic activity on the account.

To put it another way, The Co-Op has a responsibility to monitor accounts and payments, and one of the reasons for this is to prevent fraud and scams. The Co-Op needs to have systems in place to look out for unusual transactions or other signs that might indicate its consumers are at risk of fraud (amongst other things). With that in mind, I've considered whether The Co-Op should have considered these payments as being so unusual or uncharacteristic that it ought to have given the bank sufficient grounds for suspecting fraud.

Having done so, I am satisfied that the £4,400 payment sent on 30 November 2022 was unusual and represented the largest occurrence of expenditure on the account at that time. As such, I think it is reasonable to conclude that this ought to have triggered The Co-Op's fraud detection system. So, I think The Co-Op ought to have contacted Mr R and asked him to provide further details about the payment in question.

I am satisfied it wouldn't be reasonable to expect The Co-Op's systems to have been triggered by the payments made prior to the £4,400 sent on 30 November 2022. I say this because, the amounts in question were neither remarkably large nor significantly uncharacteristic of Mr R's usual spending. I have also considered where the payment was sent to, and there were no suspicious circumstances surrounding this either. I say that because I can see that Mr R had previously sent payments to C, such as the payment in he sent in April 2022 of £1,500. Therefore, it wasn't a new payee and Mr R had sent previous payments previously of similar values. Consequently, I don't think The Co-Op could reasonably have known that these payments were subject of a scam. The payments were not significant enough to have triggered its systems; nor were there sufficient grounds to justify delaying the payments.

Having concluded that The Co-Op ought to have contacted Mr R to ask further questions about his payment of at £4,400 on 30 November 2022, I deem that it would have been proportionate for The Co-Op to have asked Mr R to provide details such as; to whom the money was being paid to; why; how he had come across the 'opportunity' and what research he had undertaken about the job and company. The purpose of this intervention is to try and establish if the consumer is falling victim of a scam and if so, educate the consumer on the scam.

However, while I agree that the payment of £4,400 ought to have triggered The Co-Op's fraud detections systems, I am not persuaded that its intervention would have resulted in Mr R doing anything differently. I say this because when The Co-Op did intervene and the payment of £13,000 was cancelled, Mr R confirmed he had been victim of a scam, he went on to tell the advisor at the Co-Op 'I've learnt my lesson'. As such, Mr R was aware of the scam and had an opportunity to pause and think about his next steps. However, two days later he proceeded to make another two payments of £5,500 and £7,500 totalling £13,000.

So, I am persuaded that Mr R was so worried about recovering his losses that any earlier intervention from The Co-Op wouldn't have dissuaded him from continuing to send the money to the scammers as he did after the £13,000 payment was stopped. In other words, I am satisfied earlier interventions from the Co-Op wouldn't have prevented Mr R's losses. The Co-Op were not the dominant, effective cause of his losses. But I want to be clear that I understand Mr R fell victim to a very cruel and sophisticated scam.

I have gone on to consider if The Co-Op took reasonable steps to try and recover the funds. And I have seen evidence that The Co-Op did take steps to attempt to recover the funds but was unsuccessful. However, it's important to note that Mr R didn't ask The Co-Op to send

the money directly to the scammers but instead to a crypto wallet in his name. And The Co-Op did as he requested. So, it was always highly unlikely that The Co-Op would be able to facilitate the recovery of the payments after they were moved on from Mr R's EMI account to the scammers. It follows that I won't be asking The Co-Op to do anything further.

My final decision

My final decision is, despite my natural sympathies for Mr R's loss, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 February 2024.

Jade Rowe
Ombudsman