

## **The complaint**

Ms B (on behalf of her business, T) complains that Sumup Payments Limited won't refund money she lost as a result of a scam.

## **What happened**

Ms B held a merchant account for her business with Sumup. In January 2023 she had posted details online of some equipment she was sourcing for a customer, when an individual contacted her claiming to be an agent for a company she had previously dealt with. This individual claimed they could provide the equipment Ms B was looking for at a significant discount, and discounted the cost further after Ms B complained that they had been rude to her. Unfortunately, and unknown to Ms B, this individual was a scammer.

Ms B agreed to purchase the equipment and made a partial payment from her Sumup account, but before doing so she contacted Sumup to change the phone number associated with her account. Ms B says she asked if she would be covered if anything went wrong with the payment and that Sumup said she would be, so she went ahead with the payment, for £900.

The next day Ms B spoke with a legitimate representative of the company she thought she had been dealing with, and realised she'd been the victim of a scam. She contacted Sumup to ask it to stop the payment, and reported it as fraudulent.

Ultimately, Sumup said that it was unable to stop the payment and did not think it was liable for Ms B's loss, it also said it had been unable to recover any of the funds from the recipient account. Ms B was unhappy with how Sumup had handled her concerns, so she referred her complaint to us.

One of our Investigators looked into what had happened, and identified that there appeared to have been a miscommunication when Ms B spoke with Sumup before she made the payment. The Investigator considered that Sumup should pay Ms B some compensation for this – £400 – but did not consider that they could be held responsible for Ms B's financial loss. Ms B disagreed, she maintains that she would not have made the payment if Sumup had not told her it would be covered if something went wrong.

As no agreement could be reached, this case has been passed to me for review.

## **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 reached the same conclusions as our investigator, and for the same reasons.

The starting position is that Ms B is responsible for transactions she's carried out

herself (even as a result of deception). Because of this, Ms B is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Sumup acted fairly and reasonably in its dealings with Ms B, or whether it should have done more than it did.

I've looked at Ms B's account activity, and while the payment of £900 was higher than the other transactions on the account, it wasn't sufficiently unusual to reasonably say Sumup shouldn't have allowed the payment to go through without first getting in touch with Ms B to check everything was in order. So I don't think Sumup missed an opportunity to flag the payment or question Ms B about the circumstances surrounding the payment. I therefore don't see how Sumup could have uncovered that the payment was a scam before it was made.

I acknowledge that Ms B did speak to Sumup before making the payment, and that she asked Sumup if she was "covered" for buying goods for her business and said that she wanted to make sure she was "insured in case of anything". From listening to the conversation Ms B had with Sumup it's clear that the staff member she spoke to did not understand what she was asking here. I appreciate that he said "absolutely" after Ms B asked about being insured, and that Ms B took this to mean that she would be covered if the payment she was making was fraudulent. But I don't think it was clear from what she'd said that this was what she was asking. Nor was it clear from the staff member's responses that he had either understood her or was agreeing that she was insured for fraudulent payments. So while I agree that Sumup could have been clearer in this interaction with Ms B, I also don't think she made it clear what she was actually wanting from Sumup, nor did she provide any context about what she wanted to be "covered" or "insured" for. I appreciate that Ms B has particular health conditions that may have affected her decision making here, but Sumup was not aware of that, so I wouldn't expect it to have taken account of those health issues during its initial interactions with Ms B.

With this in mind, while I agree that this interaction could have been handled better by Sumup, I don't think that the confusion caused by this call means that Sumup should be liable for Ms B's financial loss here. It is, after all, the scammer who has defrauded Ms B, not Sumup. And nothing that Ms B said in this call should, in my mind, have caused any concern to Sumup about the legitimacy of the payment that Ms B was making.

Lastly, I'm satisfied that Sumup could not have done more to recover the funds. I agree with our investigator that Sumup could have contacted the recipient bank more quickly, but I've seen confirmation that the funds were removed from that recipient account before Ms B reported the scam to Sumup. So even if Sumup had contacted the recipient bank earlier, there would still have been no funds left for it to recover.

Overall, I agree that there were some aspects of poor customer service here, largely surrounding the misunderstanding between Ms B and the staff member she spoke to at Sumup. But I'm satisfied that Sumup's offer of £400 is fair and reasonable compensation to recognise the impact of its actions here. I've noted what Ms B has said about her continued interaction with the scammer, and the upset that caused, but as I noted above, I don't think it is fair or reasonable to hold Sumup liable for the actions of the scammer, given that I'm satisfied it could not have known that Ms B was being scammed before the payment was sent.

I know this will be disappointing for Ms B, but I hope she will understand the reasons for my decision.

### **Putting things right**

To resolve this complaint Sumup should pay Ms B £400.

### **My final decision**

I uphold this complaint. Sumup Payments Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B (on behalf of T) to accept or reject my decision before 7 December 2023.

Sophie Mitchell  
**Ombudsman**