

The complaint

Mr S complains that The Royal Bank of Scotland Plc (RBS) is refusing to refund him the amount he lost as the result of a scam.

Mr S is being represented by a third party. To keep things simple, I will refer to Mr S throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr S found an advertisement on Facebook in relation to investing. The advertisement looked legitimate, so Mr S clicked on the link. Mr S was then added to a group on Telegram with other people where information about trading was shared amongst the group.

Mr S was then contacted by the scammer (X). Mr S confirmed he was interested in investing and made his first payment in relation to the scam as directed by X.

Mr S then went on to make more payments into the investment as directed by X but later found he had fallen victim to a scam when he was unable to make a withdrawal.

Mr S made the following payments in relation to the scam from his RBS account:

Date	Payee	Payment Method	Amount
13 March 2023	Skrill	Debit Card	£280.00
15 March 2023	Skrill	Debit Card	£90.00
15 March 2023	Skrill	Debit Card	£420.00
20 March 2023	Skrill	Debit Card	£1,200.00
22 March 2023	Skrill	Debit Card	£250.00
22 March 2023	Skrill	Debit Card	£50.00
28 March 2023	Skrill	Debit Card	£740.00
28 March 2023	Skrill	Debit Card	£740.00
28 March 2023	Skrill	Debit Card	£740.00
3 April 2023	Skrill	Debit Card	£450.00
3 April 2023	Skrill	Debit Card	£741.00
3 April 2023	Skrill	Debit Card	£80.00
5 April 2023	Skrill	Debit Card	£746.00
5 April 2023	Skrill	Debit Card	£300.00
5 April 2023	Skrill	Debit Card	£200.00
11 April 2023	Skrill	Debit Card	£1,800.00
11 April 2023	Skrill	Debit Card	£370.00
13 April 2023	Skrill	Debit Card	£290.00
19 April 2023	Skrill	Debit Card	£455.00
24 April 2023	Skrill	Debit Card	£455.00

25 April 2023	Skrill	Debit Card	£100.00
26 April 2023	Skrill	Debit Card	£100.00
26 April 2023	Skrill	Debit Card	£60.00
26 April 2023	Skrill	Debit Card	£50.00
27 April 2023	Skrill	Debit Card	£900.00
27 April 2023	Skrill	Debit Card	£105.00
27 April 2023	Skrill	Debit Card	£1,000.00
27 April 2023	Skrill	Debit Card	£190.00
27 April 2023	Skrill	Debit Card	£1,500.00
27 April 2023	Skrill	Debit Card	£14.00
28 April 2023	Skrill	Debit Card	£719.00
3 May 2023	Skrill	Debit Card	£1,000.00
4 May 2023	Skrill	Debit Card	£1,800.00

Our Investigator considered Mr S's complaint but didn't think it should be upheld. Mr S disagreed, so this complaint has been passed to me to decide.

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 has not been disputed that Mr S has fallen victim to a cruel scam. The evidence provided by both Mr S and RBS sets out what happened. What is in dispute is whether RBS should refund the money Mr S lost due to the scam.

Recovering the payments Mr S made

Mr S made payments into the scam via his debit card. When payments are made by card the only recovery option RBS has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr S was dealing with X, which was the business that instigated the scam. But Mr S didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange. This is important because RBS would only have been able to process chargeback claims against the merchant he paid, not another party (such as X).

The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Mr S's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Mr S paid.

Should RBS have reasonably prevented the payments Mr S made?

It has been accepted that Mr S authorised the payments that were made from his account

with RBS, albeit on X's instruction. So, the starting point here is that Mr S is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether RBS should have been aware of the scam and intervened when Mr S made the payments. And if it intervened, would it have been able to prevent the scam taking place.

When Mr S made the first payment in relation to the scam, he was required to confirm to RBS that it was him making the payment. Mr S was not asked any further questions about the payment.

Considering the value of this payment and that it was going to a legitimate business I think the action taken by RBS was proportionate.

The rest of the payments Mr S made were of relatively low value, and even when more than one payment was made on the same day the total amount was still relatively low. The payments were also made to a legitimate business and were spread over several weeks.

Considering what I've said above I don't think it is unreasonable that the payments Mr S made didn't trigger RBS's fraud prevention systems prompting it to intervene. So, I don't think RBS missed an opportunity to prevent the scam and it is not responsible for Mr S's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 May 2024.

Terry Woodham
Ombudsman