

The complaint

Mr A complains about Al Rayan Bank PLC.

He says that Al Rayan didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost as a result.

What happened

Mr A unfortunately fell victim to a task-based job scam where he was told he needed to purchase tasks via cryptocurrency and would then be paid commission.

Mr A made the following payments as part of the scam.

Date	Payee	Payment type	Amount
2 May 2023	Coinbase	Transfer	£500
3 May 2023	Coinbase	Transfer	£2,000
3 May 2023	Coinbase	Transfer	£5,000
3 May 2023	Coinbase	Transfer	£4,000
9 May 2023	Coinbase	Credit	£127.85
9 May 2023	Foris Dax	Transfer	£100
9 May 2023	Foris Dax	Transfer	£6,500
10 May 2023	Foris Dax	Transfer	£4,600
16 May 2023	Foris Dax	Transfer	£7,000
22 May 2023	Coinbase	Transfer	£10
23 May 2023	Foris Dax	Transfer	£5,000
25 May 2023	Foris Dax	Transfer	£2,026
		Total loss	£36,608.15

When he became aware that he had been scammed, he made a complaint to Al Rayan – but it didn't uphold his complaint.

Unhappy, he came to this Service. Our Investigator looked into things and thought that the complaint should be upheld in part. Mr A agreed to this, but Al Rayan did not.

As an informal resolution was not reached, the complaint has been passed to me to make a final decision.

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 decided to uphold Mr A's complaint in part for broadly the same reasons as our Investigator. I'll explain why.

It isn't in dispute here that Mr A has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has

been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr A authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Al Rayan should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the above, I consider Al Rayan should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Al Rayan acted fairly and reasonably in its dealings with Mr A when he authorised payments from his account or whether it could and should have done more before processing the payments.

Having looked at the payments in question, I agree with our Investigator that Al Rayan should have got in touch with Mr A when he made the payment for £5,000 on 3 May 2023 – this payment was a significant increase in Mr A's usual spending pattern and was also going to a crypto exchange which Al Rayan should be aware carries an elevated risk.

With this in mind, I would have expected Al Rayan to contact Mr A, and ask him about the payments he was making, to check everything was well and attempt to protect him from financial harm, but it did not do so.

I'm aware that Al Rayan did provide Mr A with some written warnings when he was making his payments, but I don't feel these went far enough in giving a clear warning about crypto scams either.

Al Rayan did contact Mr A when he made the following payment of £4,000, and it has provided the call recording of what happened. Having listened to the call, I am not persuaded that it questioned Mr A appropriately given the size of the recent transactions that had already taken place, or the destination of the funds. And I think that Al Rayan could have gone further in highlighting the increase of scams involving crypto currency and provided Mr A with a warning to this effect.

I have also taken into account that Mr A was not entirely clear about the purpose of the payments during later calls he had with Al Rayan – but I don't think that this prevented it from still providing a warning to him, which it did not do, and had it questioned him in a more effective way, I think that the scam would have been apparent.

I am also aware that Mr A took out several loans in order to finance the scam and wasn't honest about the purpose of the lending. However, I still think that the scam could have been uncovered by Al Rayan as the purpose Mr A gave for the loans would have been implausible as a reason for making crypto payments.

Therefore, I am satisfied that Al Rayan missed an opportunity to prevent the loss from the point I think it should have intervened.

The only other thing for me to consider is if Mr A should bear some responsibility for the loss – and having thought about this carefully, I agree with our Investigator that responsibility for the loss should be shared between Mr A and Al Rayan from the time I think Al Rayan should have intervened.

I say this because Mr A doesn't appear to have taken enough care as he should have done before parting with his money. He had been contacted out of the blue with the offer of a job he didn't apply for, and for a level of pay which seemed too good to be true. And I think that having to pay to receive work and subsequent commission should have seemed unusual to him given the way that normal paid employment works.

I understand that Al Rayan has raised an objection to paying redress to Mr A, as he applied for several loans under false pretences – however although Mr A may have not been truthful with his applications, I still think that the scam could have been uncovered by Al Rayan, and this doesn't absolve Al Rayan of its responsibility.

Putting things right

Al Rayan Bank PLC should pay Mr A 50% of the total of the payments made from and including the third payment.

I calculate this to be £17,118. From this it can deduct the £127.85 Mr A received back from the scammer.

On top of this, it should also pay Mr A 8% simple interest from the dates the payments were made to the date of settlement (minus any lawfully deductible tax).

My final decision

I uphold this complaint in part. Al Rayan Bank PLC should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 July 2024.

Claire Pugh
Ombudsman