

The complaint

Ms R has complained that Citibank UK Limited won't refund the money she lost after falling victim to a scam.

What happened

In summer 2023, Ms R was visiting her parents. Her parents received a call on the landline, claiming to be from the phone company, but it was actually from a scammer. The scammer convinced Ms R her mobile phone had been hacked. They persuaded her to download screen sharing software and to transfer just under £2,000 from her Citibank account to them.

Ms R reported the scam to Citibank. Citibank tried to recover the money the same day, but the receiving bank confirmed no funds remained. Citibank didn't think they were liable for Ms R's loss.

Our investigator looked into things independently and didn't uphold the complaint. Ms R didn't agree, so the complaint's 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.

I understand that Ms R fell victim to a scam, and so she has my sympathy. I appreciate this can't have been an easy time for her, not least as she was already going through a stressful time more generally. And I appreciate why she feels that her money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Ms R her money back. But I can only consider what Citibank did. Having carefully considered everything that both sides have said and provided, I can't fairly hold Citibank liable for Ms R's loss. I'll explain why.

First, I have read and taken into account all of Ms R's submissions, including her wider concerns about the way that Citibank and the industry work as a whole, and her opinion about broader consumer protection and consumer confidence. However, I need to explain that we are not the regulator – that's the Financial Conduct Authority (FCA for short). So we don't oversee how Citibank or the industry work as a whole and I don't have the power to change the way they work across the board. We're here to resolve individual complaints about individual situations. So I will keep my decision to the merits of Ms R's individual case.

It's not in dispute that Ms R authorised the payment involved. So although she didn't intend for the money to go to a scammer, under the Payment Services Regulations she is liable for the loss in the first instance. And broadly speaking, Citibank had an obligation to follow her instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Citibank should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Citibank should have done more in Ms R's case.

However, I don't think the payment involved was so unusual or out of character that Citibank needed to intervene. While it was fairly substantial, it was not so large that I'd expect its size to have been of particular concern to Citibank, and it was broadly in line with Ms R's prior spending. It was a single payment, not a series of multiple rapid ones, made within the UK, it didn't involve the use of cryptocurrency or the like, and it didn't drain the account by any means – there was a healthy balance left after. While it went to a new payee, customers do often set up new payees, and it's normal to pay a payee after setting them up – generally people set up payees in order to then pay them. So I wouldn't expect Citibank to intervene every time a customer uses a new payee. Overall, I do not find that Citibank needed to intervene and question or warn Ms R further about this payment. They would not reasonably have been able to foresee that processing it would cause Ms R harm, and so it was reasonable for them to process the payment in good faith as Ms R had asked them to do.

Next, I've considered what Citibank did to try to recover Ms R's money after she told them about the scam. Citibank contacted the receiving bank that same day, as they were supposed to. But unfortunately, no funds remained to be recovered. And I'm afraid there's nothing more Citibank could do there.

I appreciate that it was inconvenient for Ms R to have her account blocked. But I've listened to her calls, and she told Citibank that the scammers had remote access to her phone where her banking app was. Ms R also asked Citibank to block the account herself. And so it was reasonable for Citibank to then block the account to prevent any potential further fraud, and to keep it blocked until they were satisfied that the account was safe.

I also appreciate that Ms R wanted Citibank to stop the payment. But it was a transfer which went out almost instantly. I know it took some time to show on Ms R's statement, but that's normal – even when a payment goes out right away, it can then take time to process for the purposes of a statement, and statement dates are commonly after the actual date the payment completed. It was too late to stop this payment by the time Ms R called the bank.

Ms R suggested that Citibank should reimburse her because she was a long-term customer, because of the CRM code or future regulations which didn't apply, and because many other customers had scam payments refunded. But I cannot fairly or reasonably make Citibank give four-figure sums to customers which it doesn't otherwise owe to them, just because those customers are long-standing. I also cannot fairly hold Citibank to a voluntary code they're not signed up to, nor to regulations which don't apply. And while some customers have indeed been eligible for refunds of scam payments, others have not. And we look at each case on its individual merits. I've explained above why I found that Citibank did not fail in their duties to Ms R and are not liable to reimburse her in this particular case.

So while I'm very sorry to hear about what happened to Ms R, I don't think Citibank should be held responsible for her loss. And so I can't fairly tell Citibank to refund Ms R's money in this case.

Lastly, I understand Ms R is unhappy that Citibank later closed her account. But similar to how Ms R can choose who she banks with, Citibank can broadly choose who banks with them. They did have to give Ms R appropriate notice, but I can see that they did so here. And if it's of any consolation to Ms R, this closure was part of a broader set of account closures following a general review of their target markets and what sort of accounts they wanted to offer – it was not particular to her. I've not found that Citibank did anything substantially wrong there either.

My final decision

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 5 March 2024.

Adam Charles
Ombudsman