

The complaint

Mr O complains that Advanced Payment Solutions Limited trading as Cashplus Bank (hereafter referred to as Cashplus) hasn't refunded money he lost to an investment scam.

What happened

The background to this complaint is well-known to both parties. I've discussed the circumstances and my findings with Mr O and Cashplus already. I'm issuing this decision to confirm the outcome. With that in mind, I won't go into extensive detail about what happened.

Mr O fell victim to an investment scam, making a total of twelve payments toward it from 4 to 25 February 2023. His total loss stands at £10,449.99.

Cashplus didn't question Mr O about any of the payments as it didn't identify them as suspicious at the time; it didn't recognise that Mr O might have been at risk of financial harm through fraud.

Mr O reported the scam to Cashplus once he realised what had happened. Cashplus considered the circumstances but didn't refund any of Mr O's losses. It tried to recover the money from the firm it was sent to, but nothing was returned.

I discussed the outcome of this complaint with Cashplus. I told it I was persuaded it ought to have stepped in to question one of the payments as there were enough signs that Mr O might be at risk of financial harm.

Cashplus didn't disagree with that finding. Instead, it said it didn't think intervention would have made a difference; it thought Mr O would have continued to send money anyway.

I let Cashplus know I didn't agree and said it should refund half of Mr O's losses from the point it ought to have intervened. It declined to make such an offer.

I told Mr O of my intention to uphold his complaint, what the award would be, and my reasons for it. As part of that I explained to him, as I did to Cashplus, that he would still bear responsibility for half of his loss from the point Cashplus ought to have stepped in. That was because I didn't find Mr O's actions had been reasonable, and that he'd not done enough to ensure the proposed investment was legitimate.

As both parties have been made aware of the outcome and reasons behind it, I'm issuing this final decision to confirm the position.

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'm upholding Mr O's complaint in part, with Cashplus to refund some of his scam losses.

Mr O would generally be considered responsible for all authorised payments out of his account. This is the starting point at law as set out in the Payment Service Regulations (2017). It remains true even where payments are made as a result of a scam. Those regulations also

set out that firms like Cashplus should follow a customer's instructions and execute authorised payments quickly.

But industry guidance and best practice sets fair and reasonable expectations on firms to monitor accounts and payment activity for signs of fraud and financial harm. Where such risks are identified it will be fair and reasonable for payment instructions to be paused so a customer can be questioned. The aim of such intervention is to establish the authenticity of a payment instruction and to ensure a customer isn't at risk of financial harm through fraud.

There isn't much that's been left in dispute following my contact with both parties. Cashplus has accepted it ought to have intervened at the point Mr O's payments toward the scam increased in value and frequency. But it doesn't think intervention would have made a difference.

I explained to Cashplus there was no evidence of Mr O being coached on how to interact with his account provider, and it seemed more likely than not he would have told it the purpose behind the payment when questioned.

That being the case, Mr O would have been revealing details that clearly marked the scenario out as a scam. He was sending money for an unregulated investment, had been contacted out of the blue through social media, and was being told he was receiving unrealistic returns.

At the point Cashplus ought to have intervened, Mr O was being told he needed to pay taxes and fees to secure his returns. These are common features of scams that ought to be well-known to firms like Cashplus.

It follows that Cashplus ought fairly and reasonably to have given Mr O strong warnings against proceeding, explaining the features of the scam. There's nothing to suggest Mr O wouldn't have heeded such warnings. Even if he did want to proceed, it would have been fair and reasonable for Cashplus to continue to block payments, given it would have been clear they were being made toward a scam.

As Cashplus made a mistake in not blocking the payment, and where that has foreseeably led to Mr O's loss, it's fair and reasonable it now compensates him for that loss.

Mr O has acknowledged his own actions in falling victim to the scam, and that this has an impact on the redress to be awarded. And so liability for the loss from the point Cashplus ought to have stepped in will be shared on a 50:50 basis.

Putting things right

On Mr O's acceptance Cashplus should:

- Refund Mr O £2,000 (representing 50% of the money lost from the point Cashplus ought to have stepped in);
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

I partially uphold this complaint against Advanced Payment Solutions Limited trading as Cashplus Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 March 2024.

Ben Murray
Ombudsman