

## **The complaint**

Mr D has complained that Northern Bank Limited (trading as Danske Bank) won't refund the money he lost after falling victim to a scam.

## **What happened**

In 2022, Mr D saw an online advert for an investment company. But the company were actually scammers. Mr D provided his contact details and they called him. They persuaded Mr D to invest with them. Over the course of about a month, Mr D sent the scammers over £19,000 by transferring funds from his Danske Bank account to a cryptocurrency account in his own name, then the money was sent onto the scammers from there.

The scammers told Mr D to pay in further money in order to not lose his profits. Mr D borrowed from family and tried to get a loan with Danske Bank to fund this. Danske Bank questioned Mr D about what had happened, and advised him he'd been scammed. Danske Bank tried to recover the funds but couldn't, given they'd been sent to a crypto account in Mr D's own name then sent on. Danske Bank didn't think it was liable for Mr D's loss.

Our Investigator looked into things independently and partially upheld the complaint. Danske Bank 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.

There's no dispute that Mr D authorised the payments involved, even if he didn't intend for the money to go to scammers. So under the Payment Services Regulations and the terms of his account, Mr D is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Danske Bank should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;
- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;
- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

I find that Danske Bank should have intervened by the point of the £5,750 payment on 30 June 2022. That payment was concerningly large, and significantly larger than Mr D's highest spending in recent months – his account was usually used for relatively low value transactions. This payment drained his balance, and was part of a pattern of increasing amounts. The recipient was a crypto site; and by 2022, the Financial Conduct Authority (FCA) and Action Fraud had published warnings about cryptocurrency scams, so Danske Bank should've had a good understanding of the risk of these scams and how they work. I think that payment stood out as being remarkable, and it should have prompted Danske Bank to intervene.

Had Danske Bank intervened at that point and asked reasonable questions, it seems most likely that it could have uncovered the scam and stopped any further loss. When Mr D later applied for a loan and Danske Bank spoke to him, he willingly gave over a lot of detail about what had happened. And the scammers hadn't told him to lie if questioned. I've seen nothing to suggest that Mr D would not have been honest about why he was spending this money.

The matter bore many hallmarks of a scam – for example, the company being unregulated, them calling Mr D daily, his being pushed to borrow money to invest, the lack of any proper documentation, the use of screen-monitoring software, asking Mr D to pay in more money to access his profits, the use of cryptocurrency, and so on. This was a relatively prominent type of scam, so I think Danske Bank would've been able to quickly identify what was happening and prevent it. And I've found no good reason why Mr D would not have listened to Danske Bank – it is a well-known name in banking, and he did listen when Danske Bank later explained it was a scam.

Danske Bank argued that it should not be held liable, because the payments went to an account in Mr D's name. But Danske Bank should have fairly and reasonably been on the lookout for potentially fraudulent payments, even if the payments were going to another account in the customer's name. There are prominent scams which involve paying an account in one's own name. And identifying and preventing such scam payments would still have the effect of preventing a loss to its customer. So Danske Bank can still be held liable for a loss which resulted from its failure to intervene – which is what I've found to have most likely been the case here.

So I think Danske Bank bears some liability for the loss from the £5,750 payment onwards.

I've also thought carefully about Mr D's role in what happened. I do appreciate that he was in a more vulnerable position than most. But I'm afraid I think Mr D ought to have had more concerns along the way. For example, he doesn't seem to have been given any appropriate documentation or to have reasonably looked into the company – a quick search should've revealed scam warnings which pre-dated his payments. The returns expected over just a matter of days were wholly unrealistic. The scammers' spelling and grammar was poor and unprofessional. And I understand his family may have already expressed concerns by this point.

So I don't think I can fairly hold Danske Bank solely responsible for Mr D's loss from the £5,750 payment onwards. I think Mr D should also bear some responsibility for that loss.

## **Putting things right**

Northern Bank Limited (trading as Danske Bank) should:

- Refund 50% of the loss from the £5,750 payment onwards; and-
- Add simple interest at the rate of 8% simple per year onto the refund, payable from the date each partially-refunded payment debited until the date of the refund.

If Danske Bank considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr D how much tax it's taken off. It should also give Mr D a tax deduction certificate if he asks for one. Mr D may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

## **My final decision**

For the reasons I've explained, I uphold Mr D's complaint in part, and direct Northern Bank Limited (trading as Danske Bank) to put things right by doing what I've said above.

If Mr D accepts the final decision, Northern Bank Limited (trading as Danske Bank) must pay him within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 December 2024.

Adam Charles  
**Ombudsman**