

The complaint

Mr H is unhappy that The Co-operative Bank Plc ('Co-Op Bank') hasn't refunded all the payments he made as a result of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute so I will focus on giving the reasons for my 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 reached the same outcome as our investigator for these reasons:

- In broad terms, the starting position is that Co-Op Bank is expected to process payments that Mr H authorises it to make, in accordance with the Payment Services Regulations 2017. While Mr H was a victim of a cruel scam, it's accepted he authorised the payments. That's means he's presumed liable for the losses in the first instance.
- However, there are circumstances when it might be appropriate for Co-Op Bank to take additional steps before processing a payment. Such as when there are grounds to suspect the payment presents a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account.
- Looking at Mr H's account history, I'm not persuaded these disputed payments meant Co-Op Bank ought to have suspected he was falling victim to a scam. They were relatively infrequent over the course of a few months; most of them weren't particularly significant in value; and the one that was a significant value went to an account in Mr H's name that he'd paid before.
- In saying that, I've considered Mr H's representatives' points that the £18,000 payment was an extremely high value transfer – and it went to an e-money institution, whose accounts are more commonly involved with fraud. But this money went a long-established payee in Mr H's name that he'd paid several times before. And while I accept he'd not made a payment to this specific account of such a large value, there were other examples of large payments in his recent spending – for example, a £9,500.00 payment. Taking this all into account, I don't think this high value payment looked so *significantly* uncharacteristic or risky that Co-Op Bank ought to have intervened.
- I've also noted that Co-Op Bank did intervene with one of the payments to check that he made it. Given the value of this payment and the overall circumstances I've described, I think that was a proportionate response to the fraud risk it identified. And I wouldn't have expected it to carry out more detailed checks.

- It follows that I don't consider it remiss that Co-Op Bank processed the payments in line with his instructions. Afterall, it must balance protecting Mr H from fraud with its corresponding duty to make the payments he tells it to in a timely manner.
- As well as whether Co-Op Bank ought to have done more to stop these disputed payments, I've also considered whether it could've done more to recover them. I've noted Co-Op Bank did refund some of these payments. For those it didn't, I don't think there was more it could've reasonably have done to get the money back. One was a card payment, and I don't think there was any reasonable prospects of a chargeback claim succeeding. And the other payment went to an account in Mr H's name – so I don't think there was any benefit in raising a fraud claim on his own account.
- I've finally noted Co-Op Bank paid £150 compensation to reflect its service in dealing with the claim and subsequent complaint. I think that's a fair reflection of the impact this had on Mr H. Afterall, I think the driving force of his disappointment and upset was the outcome Co-Op Bank gave, which for the reasons I've explained, I think was a fair answer.
- I do appreciate how disappointing this will be for Mr H, who has clearly fallen victim to a horrible and sophisticated scam. But I don't think all his losses can be attributed to something Co-Op Bank did wrong. So I don't uphold his complaint.

My final decision

For the reasons I've explained, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 August 2024.

Emma Szkolar
Ombudsman