

The complaint

Mr D complains that Danske Bank A/S (“Danske”), have failed to refund money that he lost as part of an investment scam.

What happened

Mr D came across a company that purported to be an investment firm but was actually a scammer that I will call C. Mr D was persuaded to make a number of payments from his Danske account to a crypto exchange. Apart from the first payment - that went directly to a company - it appears that the funds were then converted into crypto and were then sent to C.

The payments Mr D made from his Danske account were as follows;

Transaction Number	Date	Amount	Type of payment
1	29 June 2022	£210.05	Debit Card
2	11 August 2022	£10	Transfer
3	11 August 2022	£10	Transfer
4	18 August 2022	£10,000	Transfer
5	24 August 2022	£25,000	Transfer
6	26 August 2022	£25,000	Transfer
7	30 August 2022	£15,000	Transfer
8	11 November 2022	£5,000	Transfer
9	11 November 2022	£20,000	Transfer
10	6 December 2022	£25,000	Transfer
11	6 December 2022	£5,000	Transfer

Mr D then tried to withdraw the “profits” that he had made and when he was unable to do so, C then stopped all contact with Mr D. It was at this point that he realised he had been scammed.

Mr D raised a complaint with Danske, as he believed that it should have stopped him from making the payments in question.

One of our senior investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Danske. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr D did not agree with these conclusions. So his complaint has been passed to me to issue 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 agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Danske is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in June 2022 that Danske should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment – (as in practice Danske sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this instance, the transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, to be considered unusual or sufficiently out of character, compared to Mr D's usual account activity, to have prompted an intervention from Danske. I note that the payments were comparatively large. But Mr D's account had been used to make large payments before, such as £10,000, £14,000 and £20,000 earlier in the year.

I also note that large payments were made to other parties whilst this scam was going on, including £60,000 in six payments to a new payee between the £10,000 sent to the scam on 18 August 2022 and the two £25,000 transfers made on 24 August 2022 and 26 August 2022. This had the effect of further normalising large transactions being made from Mr D's account.

I have also considered that the payments were relatively spaced out at the start of the scam so by the time the two £25,000 payments were made within two days of each other, the payee was not new. So by that stage Mr D had already sent money to the payee for several months, albeit infrequently.

So, having considered the payments Mr D made, I'm not persuaded there was anything that ought reasonably to have triggered Danske's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Danske to have intervened for the above payments.

I also note that even if Danske had intervened (although I don't think it had to) I have doubts as to whether Mr D would have been forthcoming with what he was doing. I say this because, when he first reported the scam, he said that he had not authorised the payments at all - when he clearly had. Also, Danske notes from the time say that Mr D confirmed that he was not investing the funds, there was no third-party involvement and he had not installed remote access software. All of which were not accurate. Had Danske intervened and had Mr D answered the questions the same way, the scam may well not have been uncovered.

So taking everything into consideration, I do not think that Danske could have uncovered and prevented the scam.

I've also thought about whether Danske did enough to attempt to recover the money Mr D lost. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as Danske is not part of it. Also, I don't think it could have recovered the funds from the accounts they were sent to, because of the time that had elapsed between the transactions and when the scam was reported. In relation to the debit card payment, I have not seen enough to say that a chargeback would likely have been successful. So overall I don't think that Danske could have recovered any of the funds.

I appreciate this will likely come as a disappointment to Mr D, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Danske can fairly or reasonably be held liable for his losses in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 March 2025.

Charlie Newton
Ombudsman