

The complaint

Mrs D complains that XACE Limited (as the recipient bank) didn't do enough to prevent her from losing money to what she says was a scam.

Mrs D has used a representative to bring her complaint. But, for ease of reading, I'll mostly just refer to Mrs D herself, where I also mean the representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In 2020 and 2021 Mrs D made two payments to different companies which were part of the same overall group which I'll refer to as 'A'. At the time she believed the payments were towards two specific property investments. She was expecting the return of her capital plus interest.

The payments Mrs D made were £36,000 in October 2020 which arrived in an account held by AR and £20,000 in March 2021 which arrived in an account held with AC. Both recipient accounts were provided by XACE and the payments were both sent from Mrs D's own account with a bank which is based outside the UK.

In October 2023 Mrs D complained to XACE. She didn't think they'd done enough when opening the accounts or in the course of monitoring them. XACE said they were satisfied they'd fulfilled their obligations and didn't think they needed to do more. The matter was referred to our service and ultimately one of our Investigators didn't recommend it should be upheld. Mrs D disagrees and has asked for an Ombudsman to review her complaint.

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 overall outcome as our Investigator. I know this will be disappointing for Mrs D, so I'll explain why.

There has been much discussion (which I'm aware is ongoing) as to whether A were operating a scam, that is they intended to defraud their customers when taking payments. Or if this was a business that has failed. I also understand there is a police investigation. However, in the circumstances of this complaint, I don't need to make a finding as to whether Mrs D has been defrauded as she alleges. If she wasn't, there would've been no basis upon which I could fairly have expected XACE to have intervened in the operation of either account. And if she was, for the reasons I'll come to, I don't think this is something XACE can fairly be said to be responsible for.

Firstly, there is no automatic right to a refund from the recipient account provider in the case of an alleged (or even proven) scam. It would only be fair and reasonable for me to direct

XACE to do more if they were responsible for acts or omissions which caused the loss to Mrs D. And for the reasons I'll come to, I don't think they were.

Mrs D has also mentioned the Lending Standards Board's Contingent Reimbursement Model (CRM Code). This is a voluntary scheme through which victims of scams can sometime receive refunds from the banks involved. However XACE weren't a signatory to the CRM Code. The CRM Code also only applies to payments between UK based GBP accounts (and Mrs D's payments were sent internationally). So for these reasons, the CRM Code can't be used as a basis to require XACE to do more.

XACE took appropriate documentation and made appropriate checks when opening both the accounts relevant to this complaint. There wasn't anything that makes me think they reasonably could've known (when opening either account) that they would later go on to be used in connection with an alleged scam. So I don't think there is anything connected to the opening of the accounts by XACE that I can fairly say was the cause of Mrs D's losses.

Mrs D has mentioned another bank 'M' who she says used to provide accounts to part of the A group. She says she thinks those accounts were closed due to concerns M had. I can't comment on the actions of M in this complaint. I've seen evidence that XACE checked 'sanctions', 'adverse media' and 'monitored lists' when opening the accounts, and nothing of concern was flagged. So Mrs D's comments in this regard don't change my mind as to my thoughts on the account opening.

The activity on both accounts was in line with what was expected for accounts of this type in conjunction with what XACE knew about their customers. The turnover was broadly in line with the stated expectations, and there is evidence to support that XACE pro-actively monitored the accounts. Within the relevant time period there were no concerns raised (or reports of a fraud or scam) in relation to either account. There was also nothing remarkable or unexpected about the arrival and spending of the payments from Mrs D. With the above in mind, I don't think there were any failures in the monitoring of either account which impacted the loss suffered by Mrs D. I appreciate her allegation is that this was all a scam, but I don't think it would have appeared that way at the time from the activity on the account or any reasonable level of monitoring that could've been expected. Indeed, the debate as to the alleged scam or otherwise, which has been ongoing for some time, doesn't support that this is something that could or should have been ascertained by XACE at the time.

All Mrs D's funds were spent / transferred from the relevant accounts before XACE were on notice of her allegation. So anything XACE did or didn't do once informed, didn't impact whether a recovery could be made.

I'm of course sorry to hear Mrs D has lost money, but as I don't think this is something XACE are responsible for, there isn't a reasonable basis upon which I could require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 October 2025.

Richard Annandale

Ombudsman