

The complaint

Mr C complains that The Co-operative Bank Plc ('The Co-op') hasn't reimbursed the money he lost to a scam.

What's happened?

Late in the evening on 22 November 2015, Mr C paid £3,000 to a new beneficiary.

The payment was made to a scam and Mr C is unhappy that The Co-op did not identify potentially fraudulent activity on his account and intervene appropriately.

Mr C recollects reporting the payment as fraudulent in the evening on 23 November 2015, and again on 24 November 2015, and asking The Co-op to recover his money. Mr C says that his money wasn't recovered because The Co-op didn't take his request seriously and failed to report the fraud to the receiving bank in a timely manner.

The Co-op's records show that it received Mr C's fraud report on 24 November 2015, outside of its fraud department's opening hours, and contacted the receiving bank the next day.

What did our investigator say?

Our investigator didn't uphold Mr C's complaint. They didn't think that The Co-op could reasonably have prevented Mr C's financial loss.

Mr C didn't agree, so the complaint has now 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.

It's common ground that Mr C authorised the disputed payment. So, even though he was the victim of a scam, the payment was 'authorised' under the Payment Services Regulations and the terms and conditions of Mr C's account. The Co-op had an obligation to follow the payment instruction it received, and Mr C is presumed liable for his loss in the first instance. But that's not the end of the story.

There are circumstances in which a bank should make additional checks before processing a payment, or, in some cases, decline to make a payment altogether, to help protect its customers from the possibility of financial harm.

I've reviewed Mr C's bank account activity in the months preceding the scam and I don't think the scam payment was so unusual or suspicious that The Co-op ought to have realised Mr C was at risk of financial harm and intervened.

Mr C's account was used fairly frequently for low-value transactions. But there were some higher-value transactions – a large cash withdrawal and some payments to businesses he regularly paid and known payees. The disputed payment is the only higher-value payment to

a new payee that I can see in the six-months prior to the scam. But it's not unusual for a customer to make an occasional higher-value payment to a new payee, and I don't think it's reasonable to expect this type of activity to stand out to a financial institution in absence of any other fraud indicators. The payment was still relatively modest, its destination isn't identifiably suspicious, and it didn't drain the account as is often the case with fraud. Looking at everything, I'm not persuaded that the payment ought to have caused The Co-op concern.

It is not reasonable to expect The Co-op to intervene with every payment a customer makes. The bank must strike a balance to the extent in which it intervenes in payments, against the risk of unduly inconveniencing or delaying legitimate payment requests. Overall, I'm not persuaded that The Co-op ought reasonably to have identified a fraud risk in this case. So, I'm not satisfied that The Co-op acted unreasonably in processing the disputed payment without making further enquiries.

The receiving bank has confirmed that Mr C's funds were removed from the beneficiary account on 23 November 2015. So, unfortunately, there were no funds left to recover by the time Mr C reported the fraud to The Co-op.

I'm really sorry to hear that Mr C has fallen victim to a cruel and callous scam. I have a great deal of sympathy for him, and I appreciate that he feels The Co-op should've done more to protect and assist him. But he authorised the payment and, overall, I'm not persuaded that The Co-op ought reasonably to have intervened with it. I'm satisfied that The Co-op did what it could to try and recoup Mr C's funds once it knew what had happened. In all of the circumstances, I don't think it would be fair or reasonable to direct The Co-op to reimburse Mr C's financial loss.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Kyley Hanson
Ombudsman