

## The complaint

Mr and Mrs R complain that Northern Bank Limited, trading as Danske Bank ('Danske'), won't refund them the money they lost after they fell victim to an Authorised Push Payment ('APP') scam.

## What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In May 2023, Mr R fell victim to an impersonation scam. He was contacted by somebody, claiming to work for Danske, who said his accounts were at risk and that he needed to safeguard his money. But unknown to him at the time he was speaking to a fraudster.

The fraudster told Mr R that his accounts were under threat and they asked him to work with them to help identify and convict the fraudster. They tricked Mr R into believing that what was happening may be internal fraud taking place at Danske and that they needed him to help with their investigations. Mr R kept in contact with the fraudsters over a number of days, with the fraudsters telling him not to contact his branch, as it would upset their investigations.

Believing everything to be genuine, Mr R followed the instructions of the fraudster and made a number of payments from the account he held with Danske, to accounts that the fraudsters controlled. For the initial payments, Mr R was told by the fraudsters that he should tell his bank that the payment was for roofing work on his house. To fund some of these payments, Mr R transferred money into his Danske account from an account he held with a different banking provider (who I'll refer to as Bank B).

A list of the relevant transactions is detailed below:

Date	Time	Transaction	Amount
10/05/23	13:19	Payment out to payee one	£4,950
10/05/23	15:31	Payment out to payee two	£2,369
10/05/23	17:46	Payment out to payee one	£1,200
11/05/23		Credit of £5,000 from Bank B	
11/05/23	17:21	Payment out to payee three	£5,000
12/05/23		Credit of £6,000 from Bank B	
12/05/23	17:05	Payment out to C payee three	£4,450
12/05/23	17:45	Payment out to payee two	£1,550

15/05/23		Credit of £549 from Bank B	
15/05/23	10:05	Payment out to payee three	£1,000
16/05/23		Credit of £10,075.59 from Bank B	
17/05/23	19:04	Payment out to payee three	£5,000
17/05/23	19:17	Payment out to payee two	£2,500
18/05/23		Credit of £40,676.03 from Bank B	
18/05/23	09:50	Payment out to payee three	£2,000
18/05/23	09:52	Payment out to payee two	£1,000
18/05/23	18:19	Payment out to payee three	£10,000
18/05/23	18:33	Payment out to payee two	£3,000
19/05/23	09:17	Payment out to payee three	£9,000
19/05/23	09:19	Payment out to payee two	£3,500
20/05/23	09:40	Payment out to payee three	£7,000
20/05/23	09:41	Payment out to payee two	£5,000
22/05/23	10:06	Payment out to payee three	£2,500
22/05/23	10:08	Payment out to payee two	£2,000
31/05/23	10:37	Payment out to payee two	£3,000

In its submissions, Danske has explained that the first payment, for £4,950, was reviewed internally by its fraud team, but was allowed to progress as it wasn't deemed to be unusual for 'windows' (which had been noted as the payment purpose), there was a confirmation of payee match and the firm being paid was registered on Companies House. So Danske's intervention on this payment didn't extend further than these internal checks.

But when, later that day, Mr R went on to attempt a further payment, for £2,369, Danske's fraud systems detected the payment and it was flagged for additional checks and it ask Mr R to call it, before allowing the payment to be progressed. Danske's contact notes from the time indicate that Mr R said the payment was for work on his roof and that he was undergoing a big renovation project. Danske say that Mr R added that some work had already been done on his house, that he knew the roofer personally and that he would be making future payments.

Danske has said some further payments over the coming days did create further internal alerts, but these were released given what Mr R had told the bank about the renovation work in the earlier call. Danske has said the remaining payments didn't create any alerts.

During the scam, the fraudster was able to contact Bank B and arrange for Mr R's account to be closed and for all remaining funds, held in Bank B, to be moved to the account he held with Danske. From there, Mr R continued to send money in line with the fraudsters instructions. The fraudster eventually told Mr R that the investigation had led to an arrest and

that he should now attend his Danske branch to discuss matters with the fraud team and Police. It was when Mr R attended the branch, that the scam came to light.

Mr R raised a fraud claim with Danske, but it didn't uphold his complaint. In summary, it said, while it was sorry that Mr R had been the victim of a scam, the payments had been authorised and it had followed its legal obligations.

Unhappy with Danske's response, Mr R brought his complaint to this service. One of our Investigators looked into things and thought the complaint should be upheld in part. In summary, it was our Investigators view that by the time Mr R was making the payment for £4,450, on 12 May 2023, there was enough going on that ought to have led Danske to carrying out more checks before allowing the payment to be made.

Our Investigator thought that if Danske had done so and made further enquiries and asked further questions about the payment, then Mr R wouldn't have been able to satisfactorily answer them, nor provide any evidence to support that he was paying for renovation works. So our Investigator was persuaded that Danske could have prevented the scam loss from this point and it was, at least in part, liable for the loss.

But our Investigator thought liability should be shared. This was because she thought Mr R ought to have been concerned about what he was being asked to do and should have carried out some checks to verify who was calling him.

Our Investigator recommended that Danske should refund Mr R 50% of the amount lost from the payment made on 12 May 2023 for £4,450 onwards - less the amount that had already been recovered and/or reimbursed, including the refund Mr R received from Bank B, which was for £50,751.62. Meaning that Danske was liable to refund Mr and Mrs R £5,874.19, our Investigator also recommended that Danske pay interest on this amount.

Mr R agreed with our Investigators view. But Danske disagreed, in summary it said that payments had been released on the back of Mr R providing it with misleading information. It added that the scam went on for a period of time and Mr R lives just a short distance from the branch, so he could have spoken with the bank to question what he was being asked to do – but he didn't do so.

As agreement couldn't be reached, the complaint has been passed to me for 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.

It isn't in dispute that Mr R authorised the disputed payments he made to the fraudsters from the Danske bank account he holds with Mrs R. The starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed. However, I've considered whether Danske should have done more to prevent Mr and Mrs R from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.

Danske say it carried out internal checks on the first payment Mr R made, for £4,950 on 10 May 2023. It has said this included checking the intended payee through Companies House and based on what it saw there and on Mr R indicating the payment was for windows, it was satisfied that the payment was genuine and so it allowed the payment to be progressed. On balance, I think the checks Danske carried out here were proportionate and I

don't think there was enough happening, that I would reasonably have expected its intervention to have extended any further than this.

Similarly, I'm also persuaded Danske did enough when it spoke to Mr R about the next payment he made to the fraudster, for £2,369 on the same day. It is unfortunate that Danske hasn't retained a copy of the call it had with Mr R but, as mentioned in the background above, its contact notes from the time show that Mr R told it the payment was for work on his roof and that he was undergoing a big renovation project. Danske say that Mr R added that some work had already been done on his house, that he knew the roofer personally and that he would be making future payments. I'm satisfied that Danske's interventions, at this point, were proportionate and I wouldn't reasonably have expected them to do any more.

But as professionals in these matters, Danske ought to have been aware that a common hallmark of scams is for fraudsters to provide or ask their victims to provide banks with a cover story and this is something that the bank ought to have been alert to and mindful of. So I don't think it automatically follows that because Danske allowed these payments to go through, based on what it had seen and been told on earlier payments, that it shouldn't have continued to be vigilant to the possibility of fraud in any subsequent transactions that Mr R went on to make. Danske ought also to have known that multiple payments being made in quick succession to a new payee(s) can often be indicative of fraud.

When considering this, I agree with our Investigator that, at the point Mr R was making the payment for £4,450, on 12 May 2023, there was enough going on that reasonably ought to have led Danske to have had some concern that Mr R may have been at risk of financial harm. I say that as this was the fifth payment within the space of a couple of days to a third new payee. As well, the activity here was not typical of how Mr and Mrs R usually ran their account. I say this as I can see that, from the statements for the months leading up to the scam, the usage on the account appears to be relatively stable and consistent, typically with no more than twenty transactions across a month, predominately to and from existing payees/payers. So, three new payees within the space of a couple of days and payments of this amount of frequency, marked a significant departure from the norm.

I'm also mindful Mr R was in his eighties at the time of the scam and I think this is a relevant factor here. Mr R's age profile is one that is disproportionately targeted by scammers. This has been recognised by the industry for a long time, and more recently by the Banking Protocol and the BBA's report *'improving outcomes for customers in vulnerable circumstances'*.

I accept that the reason Mr R had given Danske, for the payment of £2,369 was plausible. But for reasons explained, I consider that Danske ought fairly and reasonably to have kept in mind that customers such as Mr R may have been given a cover story (particularly considering his age at the time) and generally speaking, a fraudster would more likely provide their victim with a plausible rather than implausible cover story to increase their chances of receiving money. I think Danske should have recognised this was a possibility and as a matter of good practice take that into account when deciding whether to take further steps before accepting a customer's instruction to process a payment.

While I accept banks do ultimately have to make decisions based on the information customers give them, it is up to the banks to find out enough about the purpose of the payment before it does so. With all of the above in mind, I think Danske ought fairly and reasonably to have intervened and spoken to Mr and Mrs R before allowing this payment to be progressed. In doing so I would have expected it to have asked them additional questions about the payment to satisfy itself that Mr and Mrs R weren't likely to be at risk of financial harm.

In the individual circumstances of this case, Danske could, for example, have asked Mr R further questions such as, but not limited to; what work was being carried out, where he'd found the builders/trades people he was using, what research had he done into the builders and why was he paying multiple new payees. Depending on the answers received, it might also have been appropriate to ask Mr R for some documentary evidence to support the payments he was making, such as invoices, contracts or photographs of work already carried out. Mr R wouldn't have been able to provide any evidence to support the payments he was making.

Alongside this, it doesn't seem that Mr R was told anything by the fraudsters to help respond to any follow up questions the bank may ask. With this in mind, I find it unlikely that he'd have been able to come up with convincing responses to the questions given the lack of detail to the cover story he'd been given. The cover story he was given by the fraudsters didn't extend, in detail, any further than to just tell his bank he was having work carried out. As well as this, I also note that on the initial payment Danske has said that it had satisfied itself, through checking Companies House, that Mr R was paying a genuine company – but a similar check on the payee for this payment (payee three) wouldn't have revealed any evidence to support that this was a genuine company.

Overall, I don't think it's more likely than not Mr R would have been able to provide plausible and convincing answers, to any proportionate questions that Danske could have reasonably asked, that would have satisfied Danske that he and Mrs R weren't at risk of financial harm. I'm persuaded that the scam would have come to light and Mr R wouldn't have proceeded to make this or any of the subsequent payments. It follows that I'm satisfied that Danske are, at least partly, responsible for Mr and Mrs R's loss, from the point the payment was made for £4,450 on 12 May 2023.

*Should Mr and Mrs R bear some responsibility for their loss?*

Mr and Mrs R have already accepted our Investigators view that the liability for the loss should be shared, so I don't think it necessary to go into that in great detail in this decision.

But briefly, I think it would be fair and reasonable for Mr and Mrs R to also take some responsibility.

I appreciate that Mr R would have been respectful of the authority of his bank and wouldn't want to question it when he was told his money was at risk and I'm also persuaded he thought he was doing the right thing. But here it appears that the fraudsters didn't know any information or detail about his accounts, that you would reasonably expect your bank to know and the evidence suggests that Mr R didn't seek to question this or to clarify the identity of the caller.

I think it also ought to have been of some concern to Mr R that he was being asked to move such substantial sums of money from the account he held with Bank B, when the fraudsters had told him the investigation he was assisting with was against Danske and there is no apparent connection between Danske and Bank B. I consider it would have been reasonable to have questioned this and taken additional steps to check the veracity of what the fraudster was asking him to do, before proceeding.

I'm also concerned by the fact there was no clear plan for how Mr and Mrs R would get their money back and note that Mr and Mrs R weren't provided with any documentation in respect of this or any other aspect of the scam.

I'm mindful that any of these individual factors in isolation may not have been enough to have prevented Mr R from proceeding. But considering the specific circumstances of this

case and the factors in the round, on balance, I think that there was enough going on and sufficient red flags that Mr R ought reasonably to have taken further steps to protect himself. So, I think it would be fair and reasonable to make a 50% reduction in the award I'm intending to make, based on contributory negligence in the circumstances of this complaint.

Finally, I've considered whether Danske did all it could to try and recover the money Mr and Mrs R lost, once they had reported the scam to it. From the evidence I've seen, Danske did contact the receiving banks when the matter was raised, but unfortunately the receiving banks reported that no funds remained. So, I think Danske has done what it could reasonably have been expected to and I don't think it has missed an opportunity to recover the money Mr and Mrs R sadly lost.

### **Putting things right**

For the reasons I've explained, I now ask Northern Bank Limited trading as Danske Bank to:

- Refund Mr and Mrs R £5,874.19 (being 50% of the amount lost from the payment made on 12 May 2023 for £4,450 onwards - less the amount that had already been recovered and/or reimbursed to Mr and Mrs R from Bank B, which was for £50,751.62).
- Pay 8% simple interest on the amount of £5,874.19, calculated from the date of payments to the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint against Northern Bank Limited, trading as Danske Bank, in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 27 December 2024.

Stephen Wise  
**Ombudsman**