

## **The complaint**

Miss M has complained that Northern Bank Limited (trading as Danske Bank) won't refund the money she lost after falling victim to a scam.

## **What happened**

Miss M received a falsified text message about a missed parcel delivery. She clicked the link and entered her details. A few days later, she was called by scammers posing as Danske Bank, who said her account was being hacked and needed immediate action.

Miss M explained that the scammers had replicated the call centre environment and came across as professional. They verified themselves to her as being Danske Bank as they already knew Miss M's details, they knew about the false text message, they provided her with staff identification details, they took her through a verification process, they provided a genuine looking reference number for a police report they said they'd made for her, and they walked her through reporting the matter to Action Fraud.

The scammers persuaded Miss M to send them around £14,000, first by card, then by bank transfers. They explained this was to protect her money by sending it to a safe account. When Miss M had trouble making the payments, the scammers explained her account had hit certain payment limits, and got her to send the money to them via a friend. Once this was done, they said they'd call her back soon. When they didn't, Miss M phoned Danske Bank directly and realised she'd been scammed.

Danske Bank tried to recover the funds, but less than £1 remained to be recovered. Danske Bank didn't think it was liable for Miss M's loss.

Our Investigator looked into things independently and upheld the complaint. Danske Bank didn't agree, so the complaint's 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.

There's no dispute that Miss M authorised the payments involved, even if she didn't intend for the money to go to scammers. So under the Payment Services Regulations and the terms of her account, Miss M is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Danske Bank should have fairly and reasonably:

- Monitored accounts and payments to counter risks such as fraud and scams;
- Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;
- In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.

I find that Danske Bank should have made person-to-person enquiries with Miss M at the point of the second payment (the first bank transfer). That was a substantial payment in and of itself, to a new payee. And combined with the card payment Miss M had just made – along with another she'd attempted – it meant she'd paid or tried to pay a concerning large amount in a very short space of time. This was out of character for Miss M's account – I've reviewed her account in the months leading up to the scam, and I can't see any comparable activity. And by that point, Danske Bank had blocked her card due to the activity being suspicious, so it reasonably knew she was at risk of harm. So by that point, the payments stood out as being remarkable, and should have prompted Danske Bank to intervene.

Had Danske Bank intervened and asked reasonable questions, it seems most likely that it could have uncovered the scam and stopped any further loss. I've seen nothing to suggest that Miss M would not have been honest about why she was sending this money – she told Danske Bank the truth when she did call them, and it doesn't seem the scammers told her to lie if questioned. The matter bore many hallmarks of a prominent type of scam, so I think Danske Bank would have been able to quickly identify what was happening and prevent it. And I've found no reason why Miss M would not have listened to Danske Bank – it is a well-known name in banking, and she mainly went along with the scammers because she thought they *were* her bank and she trusted her bank.

Danske Bank argued that it should not be held liable for two of the smaller payments, because they went to a friend's account, which was an established payee, and then the friend passed the money to the scammers for Miss M. But as I found above, Danske Bank should have intervened by the point of the second payment, which came *before* the payments to the friend. Had it done so, it would have most likely prevented the scam and prevented Miss M from ever sending the two smaller payments to the scammers via her friend. By identifying and preventing the scam, Danske Bank would have prevented the loss to its customer. And Danske Bank can still be held liable for a loss which resulted from its failure to intervene – which is what I've found to have most likely been the case here. Further, our service can only deal with the complaint that we've received and, in any case, it cannot be assumed that the friend's bank has any liability here.

So I think that Danske Bank bears liability for the loss from the second payment onwards.

I've also thought carefully about Miss M's role in what happened. I appreciate Danske Bank's points that she didn't call them earlier, and that what she was being asked to do could've potentially raised alarm bells for her, not least when her card was blocked.

However, this was a sophisticated scam, where the scammers imitated a genuine call centre in detail, provided genuine-sounding staff credentials, knew private details about Miss M, took her through a verification process, could take her through the Danske Bank app like a staff member, knew about her previous text issue, provided a genuine-sounding crime reference, and walked her through reporting the alleged hack to Action Fraud. I can see how a layperson would find this convincing, not least as they wouldn't expect a scammer to put them in touch with the authorities. The scammers knew enough about Miss M to tailor the scam to her and make it believable. And they gave believable explanations for the payments and why they might have failed. The warning Danske Bank provided for Miss M's payments was not really relevant to this type of scam, and I've seen nothing to suggest that Miss M was, or ought to have been, familiar with this type of scam. Further, the scammers were so convincing that they persuaded not just Miss M that they were genuine, but also her friend and their partner.

It's hard to overestimate the stress these types of calls can cause, and the sense of panic they're meant to produce for the victim. Miss M was put in a position where she didn't have time to think, nor would she have felt she had time to delay and make further enquiries. And ultimately, Miss M was trying to protect her Danske Bank account.

So I agree with our Investigator that Danske Bank should refund the full loss from the second payment onwards. This comes to £10,000. It should also add 8% simple interest onto this refund, to compensate Miss M for the time she's been without her funds.

Finally, I've considered what Danske Bank did to try to recover the money. From what I can see, it looks like once Miss M reported the matter to Danske Bank it raised this with the receiving bank in good time. However, it's a common tactic for scammers to move on the money as quickly as possible before the matter is reported. And here, the receiving bank confirmed that unfortunately only a small amount remained. Further, it wasn't realistically possible for Danske Bank to get the card payment refunded through a chargeback. There was no chargeback reason which would've been appropriate here. A chargeback would've gone against the merchant rather than the scammers, and the merchant would've provided the service paid for (albeit to the scammers), based on the payment Miss M authorised. So there wasn't really anything more that Danske Bank could've reasonably done to recover Miss M's funds in this case.

## **Putting things right**

I direct Northern Bank Limited (trading as Danske Bank) to:

- Refund the full loss from the second payment onwards, which comes to £10,000; and-
- Add simple interest at the rate of 8% simple per year onto the refund, payable from the date each refunded payment debited until the date of the refund.

If Danske Bank considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Miss M how much tax it's taken off. It should also give Miss M a tax deduction certificate if she asks for one. Miss M may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

**My final decision**

For the reasons I've explained, I uphold Miss M's complaint, and direct Northern Bank Limited to put things right by doing what I've said above.

If Miss M accepts the final decision, Northern Bank Limited must pay her within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 January 2025.

Adam Charles  
**Ombudsman**