

The complaint

Mr G is unhappy that Allied Irish Banks Plc (AIB) will not refund the money he lost as the result of an authorised push payment (APP) scam.

Mr G has brought his complaint through a representative, for ease of reading I will refer solely to Mr G in this decision.

What happened

Mr G says he fell victim to an investment scam. As both parties are familiar with the details I won't repeat them here in full. He made the following two faster payment to investment firm 'I'.

payment	date	value
1	09/08/2023	£2,000
2	23/08/2023	£3,272

His representative reported the scam to AIB on 5 July 2024.

Mr G says AIB did not do enough to protect his money. AIB said the payments did not appear suspicious so there was no reason not to follow Mr G's payment instructions. It also noted Mr G received a credit of £3,000 into his current account in January 2024 from firm 'I' which it thinks was at odds with it operating a scam.

Our investigator did not uphold Mr G's complaint. She said AIB had acted fairly and reasonably when it followed Mr G's payment instructions. The payments did not have characteristics that indicated Mr G was at risk of financial harm. At the time the investigator issued her investigation AIB had not heard back from the recipient bank with regards its recovery attempts. It subsequently recovered £1,130.72 of payment 2.

Mr G disagreed with this assessment and asked for an ombudsman's review. He said the payments were out of character, he hardly used that account and then over £5,000 was transferred out in 14 days.

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.

The first question we typically look to resolve in cases such as these is whether the company involved, so here firm 'I', was actually operating a scam. Not every complaint referred to us as an investment scam is in fact a scam. Some cases simply involve high-risk investments that resulted in very disappointing returns or losses. Some investment companies may have promoted products which were not regulated by the FCA—using sales methods that were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false

representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

Banks and other Payment Services Providers have duties to protect customers against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering. But when simply executing authorised payments, they do not have to protect customers against the risk of bad bargains or give investment advice — and the FCA has confirmed that a fraud warning would not constitute unauthorised investment advice.

Firm 'I' is an FCA registered and regulated firm. AIB said the firm was not FCA registered since 2016, but it seems that it is a different organisation with a very similar name. However there are warnings from the FCA about a number of scammers that have cloned the legitimate firm 'I'. Based on the nature of the messaging between Mr G and the scammer, and how he was introduced to the opportunity, I think it's most likely that the firm 'I' Mr G interacted with was one such clone. AIB raised that Mr G received a credit from firm 'I' on 21 January 2024 into another account in his sole name, inferring that the investment must have been legitimate. But as it knows Mr G had made other higher-value payments to firm 'I' and this may have been a credit to re-ignite the scam. However, I need not make a conclusive finding on this point in order to consider whether AIB ought to have identified Mr G's payments detailed above as out of character, and therefore intervened before processing them.

There's no dispute that Mr G made and authorised the payments. Mr G knew why he was making the payments. At the stage he was making these payments, he believed he was investing. I don't dispute Mr G didn't receive what he thought he would, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that AIB has an obligation to follow Mr G's instructions. So in the first instance Mr G is presumed liable for his loss. But there are other factors that must be taken into account.

To reach my decision I have taken 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. To note, as AIB is not a signatory to the Contingent Reimbursement Model (CRM) code its principles do not apply in this case.

This means I think that by August 2023 AIB should have:

- 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving, and the different risks these can present to consumers, when deciding whether to intervene.

It is in this context I do not think AIB can be held liable for Mr G's remaining losses. I'll explain why.

He made the payments from a savings account so it would not be considered unusual that there had not been frequent activity on the account in the 12 months prior. The credits onto the account that could be seen as funding the disputed payments were made in September 2022 so there was no rapid movement of money in and out. And the two payments were not made in quick succession. Accepting that they may have been of significant value to Mr G, it's reasonable AIB would not consider them of such high value to trigger an intervention.

So, overall, I don't consider it was unreasonable that AIB followed Mr G's instructions without carrying out further checks. When he set up firm 'I' as a new payee it showed a generic fraud warning that referenced investment opportunities that seem too good to be true (as the options the scammer presented to Mr G were). For the reasons set out above I am satisfied it did not need to do more.

I have then considered if AIB did what we would expect when it became aware of the scam. This was not until several months after the event so we would not expect any funds to remain but it has however successfully recovered £1,130.72. I find no failings on its part in this regard.

It follows I am not instructing AIB to refund any additional money to Mr G. I am sorry to read about how hard it has been for him, but I can only consider whether the bank - which had no involvement in the scam itself - should be held responsible for what happened. For the reasons set out above I do not find AIB can be held liable in the circumstances of this case.

My final decision

I am not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 July 2025.

Rebecca Connelley
Ombudsman