

The complaint

Mr K complains that American Express Services Europe Limited (Amex) won't refund money he lost as part of a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything in detail here.

Mr K explained that, in March and April 2023, he made two investments with what he thought were genuine startup companies, which I will refer to as 'F' and 'R'. In March 2023, Mr K made a £12,000 investment with F, and in April 2023, he made a £2,000 investment with R. Both payments were made via a separate accountancy firm, I will refer to as 'A'.

Mr K said he was introduced to the investment opportunity by his next-door neighbours, who had both invested successfully with F and other companies.

Later in 2023, Mr K said he became aware the companies he had invested in were fraudulent and were being investigated by the Police. He raised the matter with Amex, who said as the payments were authorised by him, they wouldn't be refunding him.

Mr K was not happy with the response, so he raised a complaint with Amex. Amex didn't uphold it. In short, they said, as the payments were authorised as per the terms and conditions of the card, and no error was made by Amex, they wouldn't be able to help any further.

Mr K did not agree and brought his complaint to the Financial Ombudsman Service. Our Investigator didn't uphold it. In summary he said:

- Even though Amex should have identified the payments as unusual or suspicious in appearance, and it should have contacted Mr K before allowing the payments to be processed, he didn't feel any intervention from Amex would have made a difference. This was because the investment opportunity was very convincing on face value, due to the paperwork Mr K had received, so he didn't feel Amex would have been able to uncover the scam.
- The Investigator went on to say that, even if Amex had intervened and said to Mr K they had concerns about the payments, due to the investment being recommended from his neighbours, he would have confirmed the investment was genuine and gone ahead with the payments regardless.
- The Investigator also said as the payments were made by card, they don't fall under the CRM code and Amex aren't obliged to refund Mr K's losses.

Mr K didn't agree with the Investigator's findings. In short, he said:

- He didn't agree with the assumption regarding how he would have reacted if Amex

had put a procedure in place to at least warn him that he may be a victim of a scam.

- He said he had never been a victim of a scam, and has a very conservative nature, so if a procedure was put in place to warn him of a scam, he would have taken expert advice of an authority that knows a lot more about financial and fraudulent behaviour than him.
- Amex hadn't adhered to their own policy regarding liability for online fraud, which says: "if the customer had taken reasonable care to protect their account details, and provide any necessary information to Amex's fraud department, you won't be held responsible for any fraudulent charges".
- Amex had initially refunded him the £2,000 payment and verbally acknowledged he was a victim of a scam. However, the money was taken back a few days later and Amex said it was a mistake. He feels this was an acknowledgment by Amex of the fraud, which gave him false hope he would be receiving a full refund.

As no agreement could be reached, the complaint has been passed to me to make 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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In broad terms, the starting position at law is that a financial service provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment. These however are predicated on the funds being lost to fraud or a scam.

My first consideration therefore is whether Mr K was the victim of a scam or a failed investment.

It is currently unclear what Mr K's funds were used for. I am aware of the ongoing police investigation and have seen the updates the police have provided, including the latest one in March 2025. The update referred to multiple companies that are being investigated (including F and A), to "*over 1,000 victims affected by this fraud*", and to a suspect being on bail. But the police investigation is ongoing. Tens of thousands of financial transactions are still under review and a considerable amount of material is still being considered. And the update doesn't shed any light on whether Mr K's funds have been used for the intended purpose. At the time Mr K made the payments to A, it was, and is still, showing as a limited company on Companies House. The nature of the business mentions 'accounting and auditing activities'. However, for the purpose of this decision, I don't need to make a finding on that point. Instead, I'm focusing on whether action by Amex could've prevented Mr K's loss based on the information available at the time he made the payments.

Mr K has said his payments should be refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. However, Amex isn't signed up to the code, so it's not applicable to Mr K's payments.

I've gone on to think about whether Amex should otherwise be held responsible for Mr K's claimed loss.

Amex should have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And, in some circumstances, irrespective of the payment channel used, should have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

In this case I agree with the Investigator that Amex should have identified the payments were unusual or suspicious in appearance, and it should have taken additional steps and contacted Mr K before allowing the payments to be processed. However, I'm not convinced the payments to A would have been exposed as a scam by Amex if it had intervened. This is because A was registered on Companies House at the time Mr K sent the payments and appeared genuine. I've also carried out a historical internet search on A, F and R at the time of the payments being made, and there were no scam warnings or suggestions the companies weren't legitimate – nor were there reports of concern by the Police, as there are now with A and F.

The documentation and literature provided to Mr K at the time also looked legitimate, which included a share certificate from R, and a bond certificate from F. The investment opportunity was also recommended to Mr K from a trusted source who had already invested, thereby further reassuring Mr K the investment was genuine. Mr K also received receipts from A for both payments. I wouldn't have expected Amex to suspect there was a significant risk of fraud in these circumstances. In appearance, these looked like payments to a genuine accountancy firm. For these reasons, I'm satisfied there was nothing further Amex could reasonably have done to prevent Mr K's loss based on the evidence available at the time, as I'm not persuaded they would have been able to uncover the alleged scam.

Mr K has also said Amex accepted the £2,000 was made as part of a fraudulent payment, as they initially refunded it, and later removed it from his account. I appreciate this would have been disappointing; however, I've asked Amex about this, and they have said this was a system error, which prompted an automatic credit to be issued. This wouldn't mean they were obliged to provide Mr K with a refund due to it being an error and I wouldn't say this was an admission of liability.

In response to Mr K's point about him seeking expert advice if Amex had intervened when he attempted the payments. Even if I was to agree Amex should have questioned the payments or asked Mr K to carry out further checks before proceeding, which could have involved Mr K seeking expert financial advice, I find it difficult to be confident that he would've found it necessary to seek and pay for such advice, considering the trusted recommendation from his neighbours and the overall professional nature of the firms involved. That said, even if he had, it's similarly difficult to consider this would have uncovered the scam for the reasons I've mentioned above.

I've also considered Mr K's point regarding the fraud guarantee which is mentioned on Amex's website. Whilst I appreciate the wording on the website could be clearer in what it does cover, Amex has explained the guarantee is there to protect against unauthorised transactions (those a customer hasn't made). In Mr K's case, there isn't a dispute that he made the payments, so they wouldn't be covered by the guarantee, and I therefore cannot fairly and reasonably direct Amex to refund him under it.

Mr K has mentioned that some investors have been reimbursed by their banks. However, this is a decision other banks are entitled to make, it doesn't mean that I must require Amex to do the same.

I've also considered whether, on being alerted to the scam, Amex could reasonably have done anything to recover Mr K's losses, but I don't think they could. The only possible option for recovery here would have been for Amex to have attempted a chargeback. However, the chargeback process is subject to rules made by the relevant card scheme provider. But it's not a guaranteed way of getting a refund. For the card scheme relevant in this case, the rules say that there is a limited window of time in which to raise a chargeback. Generally, this is 120 days from the date of the transaction, or if a service was meant to be provided by a specific date in the future, 120 days from that date. Amex have confirmed the complaint was raised outside the 120-day period, so they could not investigate this any further as per the chargeback rules.

I'm really sorry to disappoint Mr K, but I'm not satisfied that I can fairly ask Amex to refund him based on the available evidence.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 July 2025.

Israr Ahmed
Ombudsman