

## **The complaint**

Mr A complains that THE CO-OPERATIVE BANK P.L.C. ('Co-Op') did not reimburse the funds he says he lost to a scam.

## **What happened**

Around August 2024 Mr A and his wife were looking to buy a parrot. They looked online and found the details of a seller on an online parrot forum. Having seen reviews and looked at the seller's website Mr A contacted the seller.

The seller and Mr A started communicating via text messages where Mr A was sent pictures and videos of parrots and was told the price would be £800, including a cage, toys and home delivery. Happy to go ahead, Mr A paid a £200 deposit and confirmed he wasn't looking to receive the parrot until mid-September 2024.

Mr A was asked to make further payments of £200 in the days and weeks following the deposit. He was sent a sales contract, adoption certificate and told the parrot's ownership was being transferred to Mr A and his wife and that the parrot had been given vaccinations. Delivery was arranged for 30 August 2024 and Mr A made what he thought was the final payment of £200 to complete the purchase. However, he received messages from the seller and supposedly the delivery people throughout the day saying there were various issues and Mr A needed to pay more to sort the problems out. He was told these extra charges would be refunded to him upon delivery. He was then told it was too late to deliver the parrot that day and he'd have to pay more for the delivery company to hold on to the parrot until the next day.

Between 5 August 2024 and 30 August 2024 Mr A made ten payments towards the cost of the parrot and additional costs, one of which was later cancelled and returned to Mr A's account. The payments were in increments of £150, £200, £250 and £300 and in total Mr A successfully paid £1,900 from his Co-Op account.

Mr A raised a scam claim after it became apparent that the parrot wasn't going to be delivered as promised and Co-Op got in touch with the banks that received his money, but nothing was recovered.

Co-Op reviewed the case under the provisions of the Contingent Reimbursement Model Code ('CRM Code'). It decided that Mr A could have done more to protect himself and that it had provided him with an effective warning which he'd ignored so it wouldn't be reimbursing him. Mr A raised a complaint to which Co-Op reiterated its outcome. Unhappy with this, Mr A brought his complaint to our service.

Our investigator reviewed the case and broadly agreed with Co-Op's reasoning and didn't think it owed Mr A a refund under the terms of the CRM code. Mr A disagreed with the outcome so the matter has 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.

Having done so, I agree with the conclusions reached by the Investigator. I'll explain why.

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

Mr A authorised the payments. So in line with the Payment Services Regulations 2017 Mr A is deemed liable for the transactions in the first instance. But he says he has been the victim of an authorised push payment ('APP') scam.

Co-Op has accepted that Mr A was the victim of an APP scam and assessed Mr A's claim under the provisions of the CRM Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

So I've gone on to consider whether Co-Op should have reimbursed Mr A under the CRM Code.

#### Is Mr A entitled to reimbursement under the CRM Code?

Under the CRM Code, a Sending Firm (in this case Co-Op) may choose not to reimburse a customer if it can establish that\*:

- ...The customer made the payment without having a reasonable basis for believing that:
  - the payee was the person the Customer was expecting to pay;
  - the payment was for genuine goods or services; and/or
  - the person or business with whom they transacted was legitimate.
- The customer ignored what the CRM Code refers to as an 'Effective Warning' by failing to take appropriate action in response to such an Effective Warning.

*\*Further exceptions outlined in the CRM Code do not apply to this case.*

When assessing whether it can establish these things, Co-Op must consider whether they would have had a '*material effect on preventing the APP scam*'.

#### *Reasonable basis for belief*

Taking into account all of the circumstances of this case, I don't think Mr A had a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom he transacted was legitimate.

I consider there to have been enough warning signs that ought to have caused Mr A concern from the outset and throughout, which he does not appear to have reasonably acknowledged or acted upon.

- Mr A said he and his wife had searched on google and a specific online parrot forum and found the seller along with reviews both positive and negative. I have looked at the forum Mr A says he found the seller on. The only posts that relate to the seller are in a thread from June 2024. While there is one positive comment, the rest of the comments point out several red flags about the seller – including prices being too good to be true, their address appeared to be false, it was using images on its

website that had been taken from unrelated social media profiles and the website had only been in existence since 2024. I haven't been able to find any other online presence for the seller or any other reviews. I appreciate its name and website may have changed since. But Mr A says he found the seller on the forum, and at the time he made his first payments there were posts warning others that the seller did not look genuine – and these seem to be the only posts on that forum in relation to the seller.

- The price quoted by the seller was £800 and Mr A says this sounded right. But I do think this price was too good to be true. As I understand it, £800 for the parrot alone would have been a low price, but to include a cage, toys, accessories and delivery as well was too good to be true and should have been a red flag.
- As I understand it, the seller presented itself as a professional breeder, but having received a deposit from Mr A, the seller then asked for more money for a vet bill. While Mr A says he was aware that young parrots would need vaccinations, I do think it's unusual that a professional breeder would need Mr A to pay upfront for a vaccination or vet bill that would have been part of the overall purchase price and not being told in advance that he would have to pay these costs as and when they occurred.
- All but one of the payments were made to a different payee each time and all but the last payment were made to individual personal accounts. None were made to an account in the name of the seller's business. This is very unusual considering Mr A believed he was buying from a professional breeder that presented itself as a business, and I can't see that Mr A questioned this or was given a reasonable explanation for this.
- I have taken into account that Mr A asked the seller if he and his wife could go and visit the parrot. The messages I've seen suggest the seller avoided the question and offered video calls instead. He also sent pictures and videos to Mr A and I can see why this was convincing. But considering the price and type of purchase, and that Mr A was willing to go and visit, I think it would have been reasonable for Mr A to persist in trying to visit the parrot before making more payments.
- The majority of the payments happened on 30 August 2024 when Mr A believed the parrot was in transit. It's not entirely clear to me all the reasons Mr A was given as to why he needed to keep paying more to the delivery company. And I haven't been able to find any information that links any of the payees to any kind of animal delivery or transport companies. I understand that at that point Mr A believed the parrot was in transit. But I think the fact he was being asked to pay more new payees each time, that he would be refunded upon delivery, the costs kept going up and he was told that his payments weren't going through should have alerted Mr A that something wasn't right. Mr A also told Co-Op that he was concerned around the time of the 3<sup>rd</sup> or 4<sup>th</sup> payment on 30 August 2024 but continued to make three more payments afterwards.

Taking everything into account, I'm satisfied Mr A should've had reasonable cause for concern that things might not be as they seem at the time he made the payments. That's not to say what happened is Mr A's fault. He has been the victim of a cruel scam. But I'm persuaded there were enough signs that he ought to have reasonably questioned the legitimacy of what he was being told and acted more cautiously than he did.

So, I think Co-Op can fairly rely on one of the exceptions to reimbursement – that Mr A made the payments without a reasonable basis for believing that the payments were for genuine

goods or services and/or the person or business with whom he transacted with was legitimate.

### *Effective Warnings*

I have also considered whether Co-Op can rely on the exception to reimbursement that Mr A ignored what the CRM Code deems to be an 'Effective Warning'. In short, the CRM Code says that where the firm identifies an APP scam risk it should take reasonable steps to provide their customer with 'Effective Warnings'. It goes on to say that as a minimum, an Effective Warning should be understandable, clear, impactful, timely and specific. Co-Op only need to provide an Effective Warning when it identifies APP scam risks during a payment journey.

Co-Op has said it showed Mr A an effective warning, but aside from the first payment, it's not clear whether he was shown the warning at the time of any of the other payments. But having considered the payments Mr A made, based on what Co-Op could reasonably have known at the time, I don't think the payments would have particularly stood out as being at risk of being connected to a fraud or scam. With this in mind I don't think Co-Op needed to give an 'Effective Warning' under the terms of the CRM Code, so I cannot find it at fault if it did not do so here.

### *Should Co-Op have done anything else to prevent the loss?*

Good industry practice requires that regulated firms such as Co-Op engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm.

As mentioned above, I don't think any of the payments Mr A is disputing would have looked suspicious or indicative that Mr A was at risk from fraud. With that in mind, I don't think Co-Op should have intervened at the point of any of the payments.

### *Recovery of funds*

I've considered whether Co-Op did what it could to recover the funds Mr A lost after he reported the matter to it.

The evidence I've seen suggests Co-Op got in touch with the other banks within a reasonable time after Mr A's call with Co-Op in the afternoon of 31 August 2024 when he reported the scam. Unfortunately, no funds have been recovered by the banks that received Mr A's money. But I'm satisfied Co-Op did what it reasonably ought to have done to try and recover the funds when Mr A reported the scam.

### *Summary*

I don't find Co-Op is to blame for Mr A's losses. I don't find it is liable to refund Mr A under the terms of the CRM Code either. In saying this, I want to stress that I am very sorry to hear about what happened to Mr A and I am sorry he has lost out here.

He was the victim of a cynical scam designed to defraud him of his money and provide nothing in return. But I can only look at what Co-Op was and is required to do – I have no power to consider the actions of the criminal scammers who were ultimately responsible for Mr A's loss. And I don't find Co-Op is required to refund him under the CRM Code, nor that the bank was at fault in making the payments Mr A instructed it to make or for any other reason.

Having considered everything very carefully, in my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

**My final decision**

For the reasons set out above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 March 2026.

Mike Southgate  
**Ombudsman**