

The complaint

Ms D is being represented by a claims manager. She's complaining about Metro Bank PLC because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Ms D fell victim to a cruel investment scam. She responded to an advert on social media offering an opportunity to invest and make money from trading in cryptocurrency. She started with a low investment but was then encouraged to invest more as the scam progressed. To fund this, the scammer instructed Ms D to set up a Metro account. She then transferred money from Metro to a cryptocurrency provider before it was moved into a wallet controlled by the scammers.

Between January and March 2024, Ms D made the following payments to the cryptocurrency provider that were lost to the scam:

No	Date	Amount £
1	25 Jan	100
2	26 Jan	149
3	31 Jan	1
4	31 Jan	2,400
5	28 Feb	1,998
6	29 Feb	250
7	15 Mar	20,000
8	19 Mar	20,000
9	27 Mar	15,000

Ms D made an additional payment of £20,000 on 14 March, but this was reversed on the same day and I haven't included it here.

Ms D says she realised this wasn't a genuine investment when the scammer became hostile as she asked about withdrawing her money.

Metro declined to refund any of the above payments, giving the following reasons:

- This was a new account with no past activity against which the payments could have been deemed unusual.
- The profits Ms D hoped to gain should have been considered too good to be true.
- The money was transferred to a legitimate cryptocurrency account in Ms D's own name, meaning these were me-to-me payments.

Our investigator recommend the complaint be partly upheld and issued his initial assessment in September 2024. He felt Metro should have begun to suspect Ms D may be at risk of harm from fraud from payment 7. If it had intervened to ask about the purpose of

the payment, he felt the scam would have been uncovered and payments stopped at this point.

Ms D accepted the investigator's assessment. Metro didn't accept but hasn't provided any further submissions other than to say it's not in a position to respond yet. But in recent correspondence it has accepted the complaint may need to be referred to an ombudsman for a final decision.

As the complaint remains unresolved, it's been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts.

In this case, there's no dispute that Ms D authorised the above payment.

In broad terms, the starting position at law is that a bank such as Metro is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

This notwithstanding, there are some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Metro also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these points into account, I need to decide whether Metro acted fairly and reasonably in its dealings with Ms D.

Should Metro have recognised that Ms D was at risk of financial harm from fraud?

Based on what it knew at the time, I don't think Metro should have viewed payments 1 to 6 with any particular concern. I'm conscious the amounts weren't particularly large and they were spaced out over a period of time.

But by the time of payment 7, I think Metro should have begun to suspect Ms D may be at risk of harm from fraud. The amount was significant on its own and much larger than the previous payments. Metro also knew the payment was going to a cryptocurrency provider.

Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time this payment took place, I think Metro should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

On balance, I think payment 7 is the point when Metro should have intervened to find out more about the circumstances of the payment before debiting it from Ms D's account.

What did Metro do to warn Ms D?

Metro hasn't provided details of any warnings shown to Ms D or other attempted interventions before the above payments were processed.

What kind of warning should Metro have provided?

Having thought carefully about the risk payment 7 presented, I think a proportionate response to that risk would have been for Metro to have attempted to establish the circumstances surrounding the payment before allowing it to debit Ms D's account. I think it should have done this by, for example, speaking to her on the phone to discuss the payment further.

If Metro had intervened in the way I've described, would that have prevented the losses Ms D suffered from payment 7?

I've seen no evidence to indicate Ms D had been coached by the scammers to lie to the bank and I've no reason to think she wouldn't have given honest answers to any questions she was asked. If an appropriately trained agent had contacted Ms D to ask about the purpose of the payments, I think they could have established, for example, that she saw the investment opportunity on social media, was being guided by a third party she'd never met and was being asked to pay more and more on the promise of greater returns.

Once these points had been established, Metro should have been able to identify that the circumstances described bore many of the hallmarks of a cryptocurrency investment scam. It would then have been able to provide a clear tailored warning setting out the common features of this type of scam. When presented with this information, I think Ms D would likely have recognised her circumstances in what was being described and that it would have resonated with her. With a clear tailored warning at this point, I think it's most likely that the scam would have been uncovered and Ms D would have chosen not to proceed with the payment.

I think it follows that if the scam had been uncovered at the point of payment 7, payments 8 and 9 would also have been prevented.

Is it fair and reasonable for Metro to be held responsible for some of Ms D's loss?

In reaching my decision about what's fair and reasonable, I have taken into account that Ms D paid money using her Metro account to another account in her own name, rather than directly to the scammer, so she remained in control of the money after she made the payments, and there were further steps before the money was lost to the scammer.

However, for the reasons I've set out above, I'm satisfied it would be fair to hold Metro responsible for Ms D's loss from payment 7. The potential for multi-stage scams, particularly those involving cryptocurrency, ought to have been well known to Metro. And as a matter of

good practice, I consider it fair and reasonable that Metro should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

I have also taken into account that other businesses were involved in the overall process that ended up with payments being made to the scammer, and that Ms D might potentially have a claim against them in respect of their actions (although those businesses are not a party to this complaint and so I make no finding about their role here).

Whilst the dispute resolution rules (DISP) give me the power (but do not compel me) to require a financial business to pay a proportion of an award in circumstances where a consumer has made complaints against more than one financial business about connected circumstances, Ms D has not referred a complaint about any other business to me and DISP does not empower me to instruct her to make or make a complaint about another business.

Should Ms D bear any responsibility for her losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I've considered the evidence carefully and I accept Ms D believed these payments were being made in connection with a legitimate investment opportunity, and that this was a reasonable belief in the circumstances. I say this for the following reasons:

- She says she checked the company on Google and Trustpilot and found only positive information, which she now realises was probably planted by the scammers.
- She says the scammers were in contact with her regularly and seemed knowledgeable and trustworthy.
- She says the company had a professional looking website and she was also given access to a fake platform where she could see the trades and profits being made on her behalf.
- She was also allowed to make some small withdrawals in the early stages of the scam, which is a tactic commonly employed by scammers to convince victims of their legitimacy.

I realise Metro may think she should have considered the opportunity was too good to be true, but I understand Ms D was an inexperienced investor and wouldn't necessarily have known that. She says she read a lot of press coverage about the returns that could be achieved by investing in cryptocurrency and, in the circumstances described, I think it was reasonable for her to believe this was a genuine investment opportunity.

Recovery of funds

I've also looked at whether Metro could or should have done more to try and recover Ms D's losses once it was aware that the payments were the result of fraud. Metro has told us it did contact the recipient once the fraud was reported but was told that no funds remained available for recovery.

Ms D transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). That means Metro could only try to recover the funds from Ms D's own account and it appears all the money had already been moved on and, if not,

anything that was left would still have been available to her to access. So I don't think anything that Metro could have done differently would have led to these payments being successfully recovered.

In conclusion

For the reasons I've explained, I don't think Metro acted fairly and reasonably in its dealings with Ms D and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 6 in line with Ms D's instructions, if it had carried out an appropriate intervention before payment 7 debited her account, I'm satisfied payments 7 to 9 would have been prevented.

Putting things right

The principal aim of any award I make must be to return Ms D to the position she'd now be in but for the errors or inappropriate actions of Metro. If Metro had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Ms D would have retained the money that was lost from payment 7 onwards.

As I've mentioned, I understand Ms D did receive some returns from the scam in the early stages. But these pre-dated payment 7 and I haven't included them in the redress calculation as they aren't associated with the payments Metro needs to refund.

To put things right, Metro should pay Ms D compensation of A + B, where:

- A = a refund of each of payments 7 to 9 outlined above; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Ms D for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Metro to deduct tax from any interest. It must provide Ms D with a certificate showing how much tax has been deducted if she asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I partly uphold this complaint. Subject to Ms D's acceptance, Metro Bank PLC should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 20 March 2025.

James Biles
Ombudsman