

## **The complaint**

Mr E is unhappy Bank of Scotland plc ("BoS") hasn't reimbursed him after he fell victim to an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't go into too much detail again here. However, in summary, Mr E says he's been the victim of an investment scam. He was tricked into sending £2,500 to a company I will refer to as R from his BoS account. Mr E believed he was sending the money to invest in a fixed rate bond but he now believes the company were operating a scam.

Mr E made the payment to R online so there was no interaction with anyone from BoS. However, Mr E now feels BoS should've identified the payment he was making as suspicious and discussed it with him before it was allowed to leave his account. Mr E believes that had BoS done so, the scam would've come to light, and he wouldn't have lost his money.

BoS doesn't agree. It doesn't think Mr E has been the victim of a scam at all. It thinks R was likely a legitimate company that later failed and so it said it wouldn't be offering Mr E a refund of the amount he had lost. As BoS thought Mr E's circumstances amounted to a civil dispute between him and R, it also didn't contact the receiving bank to attempt to recover Mr E's funds when he reported the scam.

Mr E disagreed with what BoS said and brought the complaint to this service. One of our investigators looked into things.

Our investigator didn't uphold the complaint. They agreed with BoS that Mr E's circumstances most likely amounted to a private civil dispute between Mr E and R and so didn't recommend BoS take any further action.

Mr E didn't agree with the investigator's finding. He reiterated that he had been the victim of a scam and that BoS should have identified the transaction he was making as unusual for his account and stopped it from leaving. As an informal agreement could not be reached, the case has been passed to me for 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; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm really very sorry to hear about what's happened to Mr E. I have significant sympathy for the situation he has found himself in. But having thought very carefully about what he's told us happened at the time and BoS' actions, I don't think it would be fair and reasonable for me to hold BoS liable for his loss. I'll explain why.

When Mr E originally brought his complaint to this service, he also complained about some other transactions, sent after this one, to a cryptocurrency exchange. However, it has now come to light that these payments were not related to the payment Mr E made to R so I won't be discussing them further here.

Both BoS and our investigator thought it was unlikely Mr E had fallen victim to a scam. They thought R was most likely a legitimate company that had ultimately failed and this was the reason Mr E had lost his funds, not because he'd been the victim of a scam. I don't agree. I've seen evidence that persuades me R was most likely operating a scam. However, it is not my intention to go into detail on this point, as I don't think this makes a difference to the overall outcome of this complaint. I say this because, even though I am satisfied that R was most likely operating a scam, I don't think BoS could've prevented Mr E's loss at the time the payment in question was made. It follows that I don't think it would be reasonable to say BoS should be held liable for Mr E's loss now. I'll explain why in more detail below.

It is accepted that Mr E authorised the scam payment himself. So, although he didn't intend the money to go to the scammers, under the Payment Services Regulations and the terms and conditions of his account, Mr E is presumed liable for his loss in the first instance. Where a valid payment instruction has been received, BoS' obligation is to follow the instructions that Mr E has provided.

However, there are circumstances where it might be appropriate for BoS to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be when a payment is sufficiently unusual or uncharacteristic when compared with the usual use of the account.

In such circumstances, I'd expect BoS to intervene and ask some questions about the intended payment(s) before processing them on their customers behalf. So, I've first thought about whether the payment Mr E made could be considered out of character and unusual when compared with his usual account activity.

I've reviewed Mr E's account statements for the months leading up to the scam, and I don't think the payment was remarkable enough for it to have stood out to BoS and to have prompted further discussion. The payment is for a relatively modest amount and it isn't inherently suspicious when considering that it is quite common for customers to process transactions up to this amount on a daily basis.

So, overall, I'm not satisfied that the scam payment should have stood out or looked so unusual when compared to Mr E's genuine account activity that it should've prompted further checks by BoS before it was allowed to leave this account.

I also have to stress that, at the time, BoS wouldn't have known that Mr E was making a payment at the request of a scammer. It is now only with the benefit of hindsight that we know that the payment was being made as the result of a scam. Banks have to strike a balance between processing payments as per their customer's instructions and monitoring accounts for unusual and potentially harmful activity. And I don't think it would be fair to say that BoS should've identified the payment Mr E made as suspicious enough to warrant further checks.

I've also thought about whether BoS could've done more to help Mr E once it was notified of the scam but I don't think it could. As BoS had initially deemed Mr E's circumstances to be a private civil dispute, it didn't need to reach out the receiving bank to see if it could recover any of his funds. Regardless, even if it had, as Mr E raised his concerns some 2 years after the payment was originally made, I think it's more likely than not that the funds would've already been removed from the receiving account.

Finally, I want to say again that I am very sorry to hear about what has happened to Mr E. But at the same time, I don't think his loss was caused by any specific failing on behalf of BoS. The fault here lies with the cruel and callous acts of the scammers themselves.

### **My final decision**

My final decision is that I do not uphold this complaint about Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 11 September 2025.

Emly Hanley Hayes  
**Ombudsman**