

The complaint

Mr B complains that THE CO-OPERATIVE BANK P.L.C. (The Co-op) won't refund the full amount of money he says he lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr B says he fell victim to an investment scam.

Mr B received a phone call from an individual selling artwork. The Individual told Mr B that by investing in the artwork, he would receive royalties as the prints were sold. Mr B sent several payments and bought what he thought was several pieces of the art.

When Mr B didn't get the returns he was promised, or the real artwork, he says he realised he had been scammed. So, he logged a complaint with The Co-op.

The Co-op looked into the complaint but didn't uphold it. So, Mr B, via a representative, brought his complaint to our service.

Our investigator looked in the complaint but didn't uphold it. She didn't find any of the payments reached a value that ought to have concerned The Co-op or its automatic payment checking systems. Our investigator also didn't find there was any information available at the time the payments were made that would have concerned Mr B or The Co-op had they spoken and it looked into the company selling the art.

Mr B and his representative did not agree with the investigator's view. So, the complaint 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. The Co-op is expected to process authorised payment instructions without undue delay. But as a bank, they also have long-standing obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on there having been a fraud or scam. And so, it would only be reasonable for me to consider whether The Co-op is responsible for the loss Mr B claims to have suffered if,

indeed, he has been scammed. Here though, I don't think it makes a difference to the outcome I've reached. I'll explain why.

I've thought about whether appropriate intervention or further questions would likely have made a difference had someone from the bank spoken to Mr B. Ultimately, I don't think any intervention by The Co-op would have made a difference or prevented the payments. I say this because when Mr B made the payments, he was led to believe he was investing into a legitimate company and product.

I'm not aware of any information The Co-op could or should have known at the time, which ought to have caused any concern that Mr B was being scammed. It could have given Mr B general fraud and scam advice in relation to investing in particular. But ultimately, I don't think I can fairly say it would have been able to give Mr B any information that would have led him to doubt what he already knew about what he was doing, including if he'd undertaken further reasonable research at the time.

So, even if Mr B had been questioned in more detail about the investment by The Co-op, I don't think it would've highlighted anything that would've caused concern or led it to believe Mr B was at risk of financial harm from a fraud or scam. Furthermore, even if The Co-op did intervene and tell Mr B to conduct further checks on his investment, I'm not persuaded he would have found any negative information online.

Mr B said he conducted online research, and from what I've found, the company was registered on Company's House. Also, when checking the online reviews of the company, it had lots of positive feedback posted leading up to and around the time Mr B made the earlier payments. Mr B also made the payments to an account that was listed as being owned by the company, rather than to an individual which is what we often see in scams of this type.

I understand Mr B's representative has said that articles about the gallery were posted online by the company, but I don't find this unusual given the industry in which he was investing. This on its own may have caused the parties involved some concern if it was the only information available, but given what I've said above, I'm satisfied that when added to the apparent legitimacy of the other information and it would have provided more reassurances had it been found by either party.

The company also had a large online social media presence with many of the artists of the artwork being sold linked to the pages. Mr B was given a contract and a convincing looking invoice for the royalty arrangement he thought he had in place. He was also eventually sent what he thought were the original prints – it was only after he took them to a professional that he found out they were worthless.

So based on what I've said above, I'm satisfied it would have been difficult for any of The Co-op advisors that spoke to Mr B to prevent the payments being made or have any concerns about what Mr B was purchasing.

Mr B's representative has said he was vulnerable at the time and reasonable adjustments needed to have been put in place in line with the Equality Act - I have considered this point carefully. Neither party has supplied any information to show that The Co-op were aware of this before the payments were made, and I wouldn't have expected The Co-op to go through Mr B's statements to find payments in relation to his conditions. Mr B's representative has also suggested that Mr B isn't forthcoming with this information. That said, I would have expected this to have been taken in to account if The Co-op had spoken to Mr B and it was apparent from the call that he needed more support.

With the above in mind, had a call taken place, I'm still convinced that the answers or

research completed would have alleviated any possible concerns The Co-op might have had.

Mr B's representative has said that banking protocol should have been actioned and this would have uncovered the scam. Firstly, I'm not convinced that had Mr B spoken to an advisor, that it would have raised enough concerns which would have warranted asking Mr B to visit a branch. I also must think about what I think would have been the likely outcome had this happened - and based on what I've said about how legitimate the company looked; I'm not convinced a branch visit would have uncovered anything of concern either.

Some articles highlighting the company to be a possible scam did surface towards the later payments Mr B made. This is something I have considered, but by this point Mr B had been making regular payments to the same merchant and it would have looked like an established payee. It's also worth noting that the articles are not conclusive evidence a scam was in operation.

Recovery of funds

As the payments were made by debit card the chargeback process is relevant here. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund; there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover money the consumer believes they lost as the result of a scam.

We would only expect The Co-op to raise a chargeback if it were likely to be successful. Based on the available evidence this does not look like a claim that would have been successful, and if it had been raised I'm satisfied it likely the merchant would have successfully defended it.

Mr B feels that The Co-op should refund the money he lost. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think The Co-op needs to refund the money lost I realise this means Mr B is out of pocket and I'm sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

The Co-op did find it let Mr B down when it didn't issue a Final Response Letter. Mr B hasn't complained about this to our service, but having seen the award offered, it looks fair and reasonable in compensating Mr B for the delays it caused.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 08 January 2026.

Tom Wagstaff
Ombudsman