

## **The complaint**

Mr F is unhappy that The Co-operative Bank Plc ("The Co-op"), has decided not to refund him, after he says he was the victim of a scam.

Mr F is bringing his complaint using a professional representative. I'll refer to them as D.

## **What happened**

Mr F has said that he initially responded to an email from a company called K and then was contacted by a representative (S) of E.

E claimed to be involved in the production of medicinal cannabis and was expecting high returns, due to the expected legalisation of cannabis in the UK.

Mr F purchased 25 bonds at a cost of £25,000 and then a further 10 bonds for £10,000. Applications for the bonds and payments were sent to a solicitor's firm, who held them in Escrow until they were converted into shares. Mr F received bond certificates and then converted these into shares.

He understood the shares would be listed on the London Stock Exchange, within three to five years, and expected to generate significant capital gain. Mr F said that he checked Companies House and would have also made some other online searches and checks, at the time, before deciding to become a shareholder in E.

Mr F made other payments to E from a bank account held elsewhere – these are the subject of a different complaint.

In April 2022 shareholders were told for the first time that the company listing would not be on the London Stock Exchange but a different stock exchange. As a result, share prices collapsed and the shares in E were suspended. In 2023 he heard that the Police were investigating E among other companies.

Mr F raised a scam claim with The Co-op. In March 2024 it said it wouldn't be taking any action as it didn't think it was a scam, rather a bad investment. It said Mr F had shares in E, that he paid for. It said the payments Mr F made did not look unusual as Mr F had made high value payments on the account previously. So, it had no reason to suspect fraud or intervene when the payments were made. It also said it didn't implement specific measures based solely on age and would not be upholding the complaint on this basis. It added that it acknowledged the length of time it took to reply to the claim and paid £50 in compensation of this.

One of our investigators looked into things. She said she hadn't seen any evidence to suggest that a scam had taken place. She thought the evidence demonstrated Mr F entered into an agreement with a genuine company which had now potentially run into financial difficulty and that is why his investment was not successful.

She added, that whilst E showed on Companies House as having an active proposal to strike off, that didn't indicate whether E was operating as a scam or not, at the time Mr F

made his payment. She explained, that is the test, for his claim to be considered under the CRM code. She acknowledged that Mr F may not have got what he paid for, but this also didn't mean he'd been the victim of a scam.

The investigator also went on to say; outside of the CRM code she didn't think Mr F's losses could have been prevented. She didn't think, that even if the bank had intervened, it would have made a difference. E appeared to be a legitimate company at the time Mr F invested. And she didn't think Mr F's age alone made him vulnerable.

She added that all parties were aware of an on-going police investigation. And said that, its possible further information, may come to light at a later date, that may indicate E was operating as a scam. If that was the case, Mr F should contact his bank again.

D didn't accept the investigators findings. It said Mr F's shareholding with E had not been registered. It provided an update from the Police, which explained they were continuing to look into what was an *"exceedingly complex investigation"*. D provided news articles, which referenced E as operating a scam and established that it was linked to two previous scams.

The investigator reviewed the additional points raised by D. She added that D had provided a copy of shareholders for E and claimed the Mr F was not listed as one. But she carried out her own search and found that he was a listed shareholder (showing on October 2021 and April 2022 - confirmation of statement for E). She said the news articles and social media posts indicated that other investors may not have received what they paid for, but this wasn't evidence of E operating a scam at the time Mr F made his payment. She acknowledged the on-going police investigation and that further information may come to light at a later date but at present there was no evidence of a scam.

As D and Mr F did not accept the findings the complaint has been passed to me to consider.

### **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.

It isn't in dispute that Mr F authorised the payment in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.

The Co-op has signed up to the voluntary CRM Code, which provides additional protection to scam victims. 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)

I'm sorry that Mr F has lost a significant sum of money as a result of this investment. But this is a complaint against Co-op, not E or the other linked parties in the investment. And I can only assess the Co-op's liability based within the law, rules and industry guidance and what I consider to be fair and reasonable.

Firstly, not all failed investments are as the result of an authorised push payment (APP) scam. And, in order for Co-op to be liable to refund Mr F, then I need to be satisfied that Mr F has been the victim of an APP scam, when applying the Contingent Reimbursement Model (CRM) Code and other relevant industry guidance in deciding the outcome of this complaint.

That's not to take away that Mr F hasn't suffered a loss. It's important to note that I am not deciding a dispute between Mr F and E – I don't have the power to look into a complaint

about that company. My role is limited to deciding the dispute between Mr F and the Co-op based on the information I have access to, or has been provided by the parties to the complaint. I need to decide whether the Co-op acted fairly, when concluding that this amounted to a civil dispute and not an APP scam. I'm satisfied that it did, and I'll explain why below.

In order to be persuaded on balance that Mr F has been the victim of an APP scam I need to look to the definitions set out in the CRM code. At

*DS1(2)*

*Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, where:*

*(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person;*

*or*

*(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

*DS2(2) This Code does not apply to:*

*(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier;*

The documentation Mr F received from E appears to be professional, and he received both share and bond certificates, for the payment he made with them. Ultimately, the documents provided to me do not indicate that E was orchestrating a scam investment in order to induce payments from investors with no intention to use the funds as intended. The letters are largely acknowledgements of receipt of funds, with some updates to investors. One update is from May 2022 and concerns the listing of E and includes their international stock identifier. I have seen nothing to discredit this or suggest this is false information.

Mr F has also referenced an article about E suggesting it is a 'boiler room scam'. I have reviewed this, but I do not think this is enough for me to be satisfied E was acting as a scam operation. This suggests S was raising funds for EP which they were not regulated to do, but this does not in itself indicate that E was operating a scam. And I would not generally accept an article alone as proof of a scam with no other relevant evidence to support the claims.

I have also reviewed information provided by the receiving bank account provider. I cannot go into detail about what these documents contain due to data protection issues. However, these do not clearly indicate a scam has occurred, or that the funds have not been used as intended. There is not the typical payment pattern I would expect to see in an investment scam complaint and some of the activity appears to be genuine. So, based on the evidence currently available to me, I cannot safely conclude that Mr F has been the victim of a scam at this time.

D has provided a Police update regarding E dated May 2024. We have since been provided with a further update in June 2025. The content of the email doesn't change anything, it reiterates the position, that the matter is still being investigated. It continues to say this is an exceedingly complex investigation. I do appreciate that E is currently under investigation by the police, and that S is a person of interest in that investigation. I also recognise that this is

a complex issue and that there are a number of other enterprise investment schemes that are being looked into. And, as already explained by the investigator, it is possible that further evidence may come to light at a later date, which may indicate E was operating a scam. Should such evidence come to light, then Mr F can complain to the Co-op again, and refer the matter to this office, should he not be happy with the outcome.

The Co-op may have needed to intervene in the payments if they reasonably had concerns Mr F may have been at risk of financial harm. If I were to agree that the Co-op should have intervened in some of these payments, it is difficult for me to agree that a conversation would have led to Mr F stopping all future payments to E. As I have explained above, the information I have seen so far does not clearly indicate Mr F has been the victim of a scam in relation to E and while I accept S was not registered with the FCA, this alone does not indicate E was operating as a scam. Particularly given that, at the time, E appeared to be a genuine business and so investing in E would not have necessarily raised any red flags for the Co-op or led to any more detailed questions being asked.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 October 2025.

Sophia Smith  
**Ombudsman**