DRN-5473091

The complaint

Mr and Mrs M complain that Northern Bank Limited trading as Danske Bank has declined to reimburse payments made in relation to an investment scam.

What happened

As the parties are familiar with the facts of this case, I'll summarise them briefly.

In January 2023, Mr M saw an advert on social media showing a well-known celebrity endorsing an investment opportunity. Mr M was then in contact with scammers who initially asked him to invest and later required payments to access his 'profits'. As part of the scam Mr M set up other accounts and provided remote access to his device.

Mr and Mrs M are disputing several payments between February and July 2023 totalling around £50,000 from their joint account to another of Mr M's accounts (with a provider I'll call Bank B) before being sent on.

Danske Bank declined to reimburse the payments on the basis that the funds had gone to Mr M's own account, and it hadn't considered them suspicious at the time.

When Mr and Mrs M referred the matter to our service, the investigator didn't uphold the complaint. In summary they thought Mr M had authorised the disputed payments and they didn't think an appropriate intervention by Danske Bank would have likely prevented the loss in the circumstances.

Mr and Mrs M didn't agree; they said Danske Bank should have done more to protect them from the scam.

The matter has been passed to me for consideration by an ombudsman.

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'm not upholding this complaint for similar reasons to the investigator.

I'm very sorry that Mr and Mrs M have been the victim of a cruel scam and I understand this has had a significant impact on them and their family.

<u>Has Danske Bank acted fairly in treating the disputed payments as authorised?</u>

The relevant law here is the Payment Services Regulations 2017 (PSRs) – these set out the circumstances in which a payer (here Mr M) and a payment service provider (here Danske Bank) are liable for payments. As a starting point, Mr M is liable for payments that he authorised and Danske Bank should reimburse unauthorised payments.

Mr M has told us that he was directed by the scammer to move money, but he's also said that the scammer had remote access, and they were in control. So, it's not clear if Mr M made all of the payments himself or allowed the scammer to access the account to make them. But it doesn't appear to be in dispute that Mr M was aware of the payments at the time. Based on this, I think it's fair to treat the payments as authorised, as they were either made by Mr M or on his behalf with his consent.

Did Danske Bank miss an opportunity to prevent Mr and Mrs M's loss?

In broad terms, the starting position at law is that payment services providers such as Danske Bank are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Danske Bank ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circum-stances

Taking into account the activity on Mr and Mrs M's account involved an increase in high value payments compared to previous usage, I think Danske Bank ought to have identified that Mr and Mrs M were at a heightened risk of financial harm from fraud.

However, for me to conclude that it would be fair for Danske Bank to reimburse Mr and Mrs M for some or all of their loss on this basis, I would need to think that a proportionate intervention by Danske Bank would likely have prevented this loss. Based on the information available, I don't think it would be reasonable to reach that conclusion, I'll explain why.

As part of this scam, Mr M made or agreed to payments from several other accounts in his name. In February 2023, Mr M spoke with Bank B about a payment he was making to Bank C as part of this scam. During this call Mr M was asked about the purpose of the payment, and he explained it related to a family cruise to celebrate an upcoming birthday. Bank B explained the hallmarks of an investment scam where customers were encouraged to set up accounts with Bank C to invest in cryptocurrency. Mr M confirmed he wasn't "into that" and he'd opened the account with Bank C himself. He was asked if anyone had told him to give them a story and Mr M responded that he wasn't dealing with anyone like that.

Mr M has shared that he was coached by the scammer about what to say to banks and that he felt under their control. While I appreciate he was manipulated, and I'm not passing judgement on his character, it is a fact that he misled Bank B about the payment to the extent that he prevented it from identifying the true purpose of his payment and the scam he had fallen victim to.

I have no reason to think that Mr M would have acted differently had Danske Bank contacted him about any of the disputed payments. On balance, it's more likely that under the coaching of the scammer, Mr M would also have misled Danske Bank and not heeded relevant warnings had it intervened. While I appreciate Mrs M wasn't aware of the payments at the time, there's no requirement for Danske Bank to have contacted her rather than Mr M about any of the payments. If it had blocked a payment that Mr M was trying to make, he would have been able to engage with any intervention on his own. As it is a joint account, both Mr and Mrs M are able to make and approve payments without the other's involvement.

For these reasons, I don't think it would be fair to require it to reimburse any of Mr and Mrs M's loss.

Could Danske Bank have done anything else to recover Mr and M's money?

The funds went to Mr M’s own account with Bank B, so I wouldn’t have expected Danske Bank to take steps to request these back from that account. Mr M would have been able to transfer back any funds that remained so this wouldn’t have changed the overall position in relation to the loss to the scam.

My final decision

For the reasons explained, 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 M and Mrs M to accept or reject my decision before 1 October 2025.

Stephanie Mitchell
Ombudsman