

## **The complaint**

Mr M complains that Northern Bank Limited trading as Danske Bank didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In May 2023, Mr M received Telegram message from someone I'll refer to as "the scammer". The scammer told him she was currently living in the UK and was supplementing her normal income by trading in cryptocurrency. She said she would teach him to invest and told him to open an account with a cryptocurrency exchange company, which I'll refer to as "C".

The scammer sent Mr M a link to an investment platform which he thought seemed professional and genuine, noting he'd be given an online trading account and an investment broker who would make trades on his behalf.

The scammer asked Mr M to first purchase cryptocurrency from C and then load it onto an online wallet. Between 9 May 2023 and 9 June 2023, he made three faster payments from Northern Bank to C totalling £12,000. He monitored the platform as his investment generated a profit, but he realised he'd been scammed when he wanted to withdraw some money and was told he'd have to pay various taxes.

Mr M complained to Northern Bank with the assistance of a representative who said it should have asked probing questions about the purpose of the payments, and as he hadn't been coached to lie he'd have answered the questions honestly and the scam would have been prevented. They said he wanted a full refund plus £300 compensation.

But Northern Bank refused to refund any of the money he'd lost, stating it didn't intervene because Mr M was sending funds to an account in his own name.

Mr M wasn't satisfied and so he complained to this service. He said he authorised the payments in the belief the investment was genuine, he didn't receive any effective warnings from Northern Bank, and if it had warned him he might be falling victim to a scam, he wouldn't have sent the funds.

His representative said Northern Bank should have intervened because Mr M was sending large payments to a new payee and there was a sudden increase in spending. They said the largest payments out of the account in February 2023, March 2023, and April 2023 were £1,100, £1,200, and £2,000, so the payments were unusual. They said it should have questioned Mr M about the payments and had it done so, he hadn't been coached to lie so he'd have explained that he was acting under the instructions of a cryptocurrency trader, and the scam would have been detected.

Responding to the complaint, Northern Bank said it attempted to recover the funds from C, but no funds remained. It said it didn't intervene when Mr M made the first payment because he was sending funds to an account in his own name, and he gave the purpose of the payment as 'paying own account'. And it didn't intervene in the later payments because they were payments to the same account.

Our investigator has recommended that the complaint should be upheld. He thought the third payment for £10,000 was unusual when compared to the previous payments on the account, and Mr M was paying a high-risk cryptocurrency merchant. He explained that Northern Bank should have given Mr M a relevant scam warning and had it done so his loss would have been prevented. He thought Northern Bank should refund the final payment, but he thought the settlement should be reduced by 50% for contributory negligence because he didn't do any due diligence.

Finally, he explained that Mr M had transferred funds to cryptocurrency accounts in his own name and so there would have been no prospect of a successful recovery.

Northern Bank has asked for the complaint to be reviewed by an Ombudsman. It has argued that Mr M declared the purpose of the first payment as 'paying own account' and the beneficiary account wasn't fraudulent. It also said that Mr M had set up his own account and there was no remote access software involved, so he should raise a dispute with the cryptocurrency exchange.

### **My provisional findings**

I issued a provisional decision on 31 March 2025 in which I said as follows:

I'm satisfied Mr M 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr M is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr M didn't intend his money to go to scammers, he did authorise the disputed payments. Northern Bank is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

I've thought about whether Northern Bank could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However, Northern Bank ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr M when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Northern Bank to intervene with a view to protecting Mr M from financial harm due to fraud.

The payments didn't flag as suspicious on Northern Bank's systems. I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr M normally ran his account and I think they were. Mr M was sending funds to a legitimate cryptocurrency merchant, and the first two payments were relatively low value and weren't unusual compared to the normal spending on the account, so Northern Bank didn't need to intervene.

But the third payment was £10,000 to a high-risk cryptocurrency merchant and even though Mr M had paid the merchant on two previous occasions, I would still expect Northern Bank to have intervened, and I think a proportionate response would have been for it to have given a warning tailored to cryptocurrency investment scams, either in the app or via its live chat facility.

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss. I haven't seen any evidence that Mr M was asked to lie or disregard any warnings, neither do I think he trusted the scammer to the extent Northern Bank would have found difficult to counter through a warning.

But, if it had provided Mr M with an impactful warning that gave details about cryptocurrency investment scams and how he could protect himself from the risk of fraud, I have concerns as to whether it would have resonated with Mr M because other than the fact he was being assisted by a broker, there weren't many red flags present in the circumstances as they've been described, so I don't think the warning would have resonated with Mr M to the extent that he'd have been prompted to do some research. And I haven't seen any evidence that there would have been any information available online to confirm the investment was a scam. So, I can't say he'd have decided not to make any further payments until he was prevented from withdrawing his funds.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mr M paid an account in his own name and moved the funds onwards from there.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr M to part with his funds. I haven't found any errors or delays to Northern Bank's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr M has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Northern Bank is to blame for this and so I'm not minded to tell it to do anything further to resolve this complaint.

### **Developments**

Mr M's representative has further argued that he wasn't coached to lie and so if Northern Bank had asked him how he came across the investment opportunity, it would have identified the scam and provided scam warnings and education about the common features of investment scams, which would have prevented his loss. They accept Mr M failed to do any due diligence but they have argued that Northern Bank's failure to intervene and provide an effective warning contributed significantly to Mr M's financial harm and so it should be held partially liable for the loss.

### **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've considered the additional points that have been raised on Mr M's behalf but I'm afraid there will be no change to my findings.

Mr M's representative has suggested that Northern Bank should have questioned him about the third payment. I accept this was a large and unusual payment to a cryptocurrency merchant, but I maintain that in June 2023 a proportionate response would have been for Northern Bank to have shown him a written warning tailored to cryptocurrency investment scams, either in the app or via its live chat facility, and for the reasons I explained in my provisional decision, I don't think this would have stopped the scam.

I accept that, provided Mr M answered honestly, probing questions and advice that the involvement of a broker strongly suggests the investment was a scam might have caused him to question the legitimacy of the investment, but I don't think Northern Bank needed to go as far as contacting him to ask questions. So, while I agree it missed an opportunity to intervene, if it had intervened proportionately, I don't think it would have stopped the scam.

### **My final decision**

For the reasons I've outlined above, 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 to accept or reject my decision before 13 May 2025.

Carolyn Bonnell  
**Ombudsman**