

The complaint

Mr G complains that The Co-operative Bank Plc ('Co-op') won't reimburse funds he lost to an investment fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In or around February 2017, Mr G came across an investment opportunity in a company I will refer to as Business F. The investment involved the issuance of bonds that Mr G was assured would be secured and pay out interest.

In February and April 2017, Mr G instructed Co-op to make two payments from his account, totalling £72,000. These payments were made to an accountancy firm receiving those funds on behalf of Business F.

Mr G, along with other investors, didn't receive the returns promised on their investment. And in 2021, Business F entered administration. A report published by the joint administrators in 2024 uncovered numerous failings in the business. And Mr G found that he'd been misled in marketing material he received before deciding to invest. He therefore concluded that he been the victim of fraud.

Mr G reported the transactions to Co-op and asked it to consider his claim against the principles of the Contingent Reimbursement Model (the CRM Code). But having done so, Co-op believed Mr G had lost his funds to a legitimate, failed investment. It therefore found that it had no liability to reimburse his loss.

Mr G referred his complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties but didn't recommend that the complaint be upheld. In summary, they found that even if our service determined Mr G had been the victim of fraud, Co-op likely wouldn't have been able to prevent the fraud.

Mr G asked that the matter be referred to an Ombudsman. So the matter has now 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 have been good industry practice at the time.

In Mr G's complaint to Co-op, he mentioned the CRM Code—a voluntary fraud reimbursement scheme that Co-op had signed up to in December 2019. However, the

principles of that Code were not being applied retrospectively to payments made. As Mr G's payments pre-date the Code, I cannot consider them against it.

There is no dispute here that Mr G authorised the transactions in question. And the starting position in law is that he will be held liable for transactions he authorised in the first instance. That is due to Co-op's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2009.

However, taking into account the above, Co-op ought reasonably to have been on the lookout for any transactions that would indicate Mr G was at risk of financial harm. And where it identifies a risk, it ought reasonably to intervene and provide warnings. Where it has failed to do so, and that intervention likely would have prevented the fraud, it may be held liable for Mr G's loss in full or in part.

There is currently some uncertainty regarding whether Mr G has been the victim of fraud here, or if he has paid toward a legitimate investment that has failed. But in the circumstances of this complaint, I don't find it necessary to delay Mr G's complaint while we decide this point.

Assuming Mr G has been the victim of fraud, I agree with the Investigator's assessment that there is little Co-op could have done to prevent it.

Mr G, by his own admission, has extensive professional experience in investments, such as the one subject to this dispute. That allowed him the relevant expertise to review the business case analysis through an expert lens and carry out the required due diligence expected on such proposals. And that knowledge and expertise likely surpassed that of any representative of Co-op that would have contacted him when intervening in the payment.

Had Mr G been contacted by Co-op and probed as to the purpose of the payment, I find it likely he would have quashed any of its concerns that he was at risk of financial harm considering that extensive experience, knowledge and due diligence carried out. There were also no concerning reports published at the time Mr G made the payments that would have indicated he was investing in an illegitimate or fraudulent business.

I still would have expected Co-op to warn Mr G about the common features of investment fraud. But any warning it would have given likely wouldn't have caused Mr G to stop the payments he was making. There were no concerning features here. Business F was a registered and established business. It was not offering terms or returns that appeared too-good-to-be-true and had provided independent reports as part of its marketing material which Mr G had conducted extensive due diligence on. It therefore wouldn't have appeared, from the information available, to have features typically associated with investment fraud.

I am sorry to disappoint Mr G, and I sympathise greatly with the loss he has suffered here. But where Co-op has processed a legitimate payment instruction, and couldn't have reasonably prevented his loss, I cannot fairly hold it liable for that loss.

Mr G has made further arguments that industry ought to have systems in place that identify, report and share 'bad actor' accounts and customers. While I understand Mr G's concerns here, this goes beyond the complaint in front of me.

Co-op was unaware of any concerns regarding the receiving account at the time of processing Mr G's transactions. And I can't hold it accountable for the actions or inactions of any third-party bank. It would also be unreasonable to expect a bank, such as Co-op, to explain the intricate details of industry capability and systems when processing payments its customers have authorised. Nor does it have any legal or regulatory obligation to do so.

However, Mr G can refer any concerns he might have regarding industry regulation practice to the regulator for consideration.

My final decision

For the reasons I have given above, I don't uphold this complaint.

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

Stephen Westlake
Ombudsman