

## **The complaint**

Ms H complains that Zempler Bank Limited, trading as Cashplus, failed to recover funds she lost from a scam.

## **What happened**

The background of this complaint is well known to both parties, so I'll keep my summary of what happened brief and focus on the reasons for my decision.

Ms H was contacted by what she thought was her bank, T's, fraud team. And was sadly caught up in a 'safe account' scam.

Our service has previously considered a complaint against the sending bank and issued a final decision under a separate complaint reference. In this decision the Ombudsman awarded Ms H a refund of the second scam payment, £1,510.19, plus 8% annual interest.

Ms H was persuaded to send £3,880.12 and £1,510.19, to an account with Cashplus. The fraudster claimed the account was partially in her name – so Ms H used her details as the payee.

On discovering she'd been scammed Ms H raised a complaint with T. T contacted Cashplus but Cashplus informed T that unfortunately all the funds had been spent and weren't recoverable.

Ms H raised a complaint with Cashplus. Cashplus reviewed the complaint but didn't think it had acted unfairly. Cashplus explained that it identifies and verifies every applicant, and it has systems in place to monitor high risk activity. Cashplus also added that unfortunately none of Ms H's funds were recoverable.

Ms H wasn't satisfied with Cashplus' response so brought her complaint to our service. She highlighted several points, including:

- Cashplus either had insufficient vetting or inadequate security measures that allowed the fraudsters to open and operate an account.
- Allowing large sums of money to be transferred using an incorrect beneficiary name indicates a significant lapse in safeguarding systems.
- It took Cashplus three weeks to advise T that her funds couldn't be recovered. This caused Ms H considerable distress and exacerbated her anxiety and depression.
- Because of the monetary loss her business operations were disrupted. And she had to borrow money for rent and bills which caused her emotional distress.

One of our Investigators looked into Ms H's complaint, but on reviewing everything they thought Cashplus had acted fairly and complied with the relevant regulations. However, they thought the length of time Cashplus took to inform Ms H that her funds weren't recoverable

was too long, and this caused Ms H distress. They decided to award Ms H £100 compensation.

Cashplus accepted our Investigator's view. But Ms H didn't. In summary Ms H said:

- The account had no prior transaction history involving her, yet it was able to receive and remove a large sum of money without any intervention. And the rapid movement of funds is indicative of money-mule activity.
- She questioned whether Cashplus met its obligations to prevent financial crime in a timely manner.
- What action has Cashplus taken against the account holder?
- The loss of money came at a vulnerable time for her.

As Ms H didn't agree, it's 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 sorry to hear that Ms H has lost a large sum of money through falling victim to a cruel scam. And this led to her borrowing money from her partner for rent and bills. I can see why Ms H feels that Cashplus ought to refund her loss as it allowed a "scammer" to open and operate an account. But I think it's important for me to explain that an account found to have been utilised to receive fraudulently obtained funds doesn't automatically entitle the payer, the victim, to a refund nor does it mean that the recipient payment service provider (PSP) reasonably failed to prevent the loss. It follows; I can only direct Cashplus to refund Ms H's loss if I'm persuaded its acts or omissions reasonably caused that loss.

As Ms H has already received a refund for the second payment of £1,510.19, I'll only be considering whether Cashplus acts or omissions reasonably caused the loss of Ms H's first payment of £3,880.12.

In the circumstances of this complaint, I'm satisfied that Cashplus correctly followed its account opening procedures, carried out checks to verify the identity of the named accountholder and did its due diligence when opening the recipient account. There was nothing at the time that I think reasonably could have alerted Cashplus that the account it was opening would later be used to receive fraudulently obtained funds. So, I'm satisfied Cashplus didn't miss an opportunity to prevent the scam when opening the account.

I've also carefully considered whether there was anything prior to T notifying Cashplus of fraud that ought to have alerted them to the possibility of the same. The account was newly opened so there wasn't much by way of activity prior to Ms H's funds arriving, so I can't say it has failed in the monitoring of the account before Ms H's funds arrived.

I've also considered Ms H's point about the beneficiary mismatch. But, at the time the payment was made, there was no requirement, on receipt of a payment, for Cashplus to check whether its accountholder's name matched the named beneficiary on the payment instruction. It follows, I can't say Cashplus have acted unreasonably or unfairly by not checking this before crediting the funds to the account associated with the sort-code and account number provided on the payment instruction.

I've carefully considered the arrival and spending of Ms H's funds, and I don't think any proportionate actions it ought to have taken wouldn't have resulted in the loss of Ms H's funds. So, I'm afraid, I can't fairly say Cashplus missed an opportunity to prevent Ms H's loss in this way either.

I've thought about whether Cashplus responded appropriately when T notified it of the fraud. Unfortunately, by the time Cashplus had been told that Ms H's payments were made as a result of a scam the funds had already left the recipient account. I've also considered what's expected of it when tracing her funds. I'm afraid Cashplus' responsibilities to recover Ms H's funds end once they've left the fraudster's account, and from this point onwards it isn't under any obligation to chase or attempt to chase Ms H's funds. As the funds were exited by card payments there was also no prospect of recovery.

Cashplus were notified about the scam, by T, on 26 July 2023 but failed to respond and advise that no funds were recoverable for a further three weeks. This is much longer than I expect a receiving PSP to take, and I'd usually expect them to update the sending PSP within 24 hours. Cashplus have explained this was due to an internal "admin delay", but I can't conclude this is an acceptable explanation for the time taken. This caused Ms H distress and I think based on the length of time of the delay and the impact on her £100 is fair compensation.

Lastly, Ms H has asked for transparency about what actions Cashplus have taken against its consumer. I can understand why, as the victim of a scam, Ms H would like to know the actions Cashplus have taken on the fraudster's account to protect potential future victims. However, I'm satisfied Cashplus has taken the action I'd expect it to on receipt of notification from Ms H's bank, which is to block the account and investigate the claim. I also can't say it acted unreasonably in not sharing any other actions it took. I say this as this relates to another account holder's information and doesn't impact the response Cashplus provided when it investigated Ms H's fraud claim, as the money had already been spent.

### **Putting things right**

I'll be directing Cashplus to pay Ms H £100 compensation for the distress it caused her in failing to respond promptly to the scam notification.

### **My final decision**

My final decision is I partially uphold this complaint and direct Zempler bank Ltd, trading as Cashplus, to:

- Pay Ms H £100 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 30 October 2025.

Jeff Burch  
**Ombudsman**