

The complaint

Mr K complains about the actions of Currencies Direct Limited when he lost money to a scam.

Mr K is being supported in making the complaint by a representative, but for ease, I'll only refer to Mr K.

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.

Around late October 2022 Mr K was introduced to an investment merchant (scammer), I'll refer to here as T, through a professional network he was involved with. Mr K was provided with trading data and performance data for T by Hedge Fund Managers which he was satisfied with. He also had online meetings with T about the investment opportunity which would be trading in Gold, Forex and leveraged Gold-US Dollar pairs. Mr K had full visibility of the trades and was provided with a Due Diligence Questionnaire (DDQ) confirming the investment which legitimised the opportunity.

Mr K set up a personal account with Currencies Direct (he had held a corporate one since 2016) in early November 2022 where he said he would be making transactions up to £50,000 to the United States. He then sent £40,000 from an account he held with a bank to his account at Currencies Direct before sending \$46,424 to the United States.

In the Autumn of 2022, Mr K was presented with another opportunity by a third-party – who I'll refer to here as Z - to invest in a business venture which would involve purchasing businesses and expanding them into larger ones to sell for profit. He was provided with a contract and spoke to individuals who had dealt with Z before. Mr K then decided to again send money from his bank account to Currencies Direct. He then sent \$15,000 on 09 January 2023 to Z.

In March 2023 Mr K was told that T was closing, and his funds would be moved to another merchant. But Mr K was unable to withdraw his funds from the new merchant which is when he realised he had been scammed. He was then told by Z that after receiving legal advice the structure of the business had to change and if people wanted their money back they could do so. But no money was returned to Mr K after he had asked Z to do so.

In November 2024 Mr K raised a complaint to Currencies Direct. It reviewed the complaint but said it wouldn't be offering him a refund as it hadn't done anything wrong. Mr K remained unhappy, so he brought his complaint to this Service.

Our Investigator didn't think the complaint should be upheld. She didn't think it was more likely than not the scam would've been uncovered if Currencies Direct had provided an investment scam warning due to how Mr K was introduced to the scam and the independent research he had conducted.

Mr K didn't agree and asked for an Ombudsman's review. He said that if Currencies Direct had provided a warning when it spoke to him when he made the first payment this would've more than likely uncovered the scam.

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've decided not to uphold it, and for largely the same reasons as our Investigator. I know this is not the answer Mr K was hoping for and so this will come as a disappointment. I'm really sorry to hear about the situation he's found himself in, and I can understand why he'd want to do all he can to recover the money he lost. But I need to decide whether Currencies Direct can fairly and reasonably be held responsible for his loss. Overall, I've decided that it can't be. I'll explain why.

But first, I would like to say at the outset that I have considered this case on its own merits and have summarised it in far less detail than the parties involved. I want to stress that no courtesy is intended by this. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Currencies Direct could've prevented Mr K's loss.

The transactions Mr K made towards the investments were authorised payments. So, Mr K is presumed liable for the loss in the first instance. However, I consider that as a matter of good industry practice at the time (and now) that Currencies Direct ought to have taken steps to intervene prior to processing a payment instruction where it had grounds to suspect a payment might be connected to a fraud or a scam. Any such intervention should've been in proportion to the level of perceived risk.

The question then arises whether Currencies Direct ought reasonably to have held such suspicions or concerns in relation to Mr K's payments - and if so, what might've been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if Currencies Direct acted fairly and reasonably in its dealings with Mr K when he made the payments. Specifically, whether it should've done more than it did before processing them – and if it had, would that have made a difference. I also need to decide if Currencies Direct could've reasonably recovered the lost funds.

I agree with both Mr K and our Investigator that there was justification here for an intervention by Currencies Direct prior to processing the first payment here – given its size and destination.

But for me to find it fair and reasonable that Currencies Direct should refund Mr K requires more than a finding that Currencies Direct ought to have intervened.

I would need to find not only that Currencies Direct failed to intervene where it ought reasonably to have done so - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Currencies Direct wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

In thinking about this, I've considered what a proportionate intervention by Currencies Direct at the relevant times would've constituted, and then what I think the result of such an intervention would most likely have been.

To reiterate, Currencies Direct's primary obligation was to carry out Mr K's instructions without delay. It wasn't to concern itself with the wisdom or risks of his payment decisions. In particular, Currencies Direct didn't have any specific obligation to step in when it received a payment instruction to protect its customers from potentially risky investments. The investment wasn't being recommended by Currencies Direct nor was it endorsing it. Currencies Direct's role was to make the payments that Mr K had told it to make. Mr K had already decided on that investment. And I find that Currencies Direct couldn't have considered the suitability or unsuitability of a third-party investment without itself assessing Mr K's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mr K (which there wasn't here) would have gone far beyond the scope of what I could reasonably expect of Currencies Direct in any proportionate response to a correctly authorised payment instruction from its customers.

That said, I think it would have been proportionate here for Currencies Direct, as a matter of good industry practice, to have taken steps to establish more information about Mr K's payments. What matters here is what those steps might be expected to have uncovered at the time.

I note that Currencies Direct did have a phone call with Mr K when he attempted the first payment, but it didn't provide any investment scam warnings. Currencies Direct did ask why Mr K was sending the money, and he confirmed for it was for an Investment. But I would've expected Currencies Direct to ask further probing questions to ascertain how Mr K had discovered the investment with T (through Hedge Fund Managers) and what he was investing in (Forex, Gold and leveraged Gold pairs). There were further questions asked about the receiving account which Mr K appears to confirm that this was a holding account of which he had control. But there were no warnings or adverse media about the merchant the money was being sent to for Currencies Direct to have been reasonably aware of at the time.

So, I think it would've been reasonable for Currencies Direct to have provided some generic investment scam warnings to Mr K on that phone call, if it had asked further probing questions about his reasons for the Investment. But I don't think that would've brought the scam to Mr K's attention at the time. Like the Investigator, I think he would've been satisfied with the trading and performance data from the Hedge Fund Managers that he had been provided with and that he had sight of his investment trades. As a result, even if Currencies Direct had warned him about high-risk overseas investments which weren't regulated by the Financial Conduct Authority (FCA) (which Mr K was reasonably aware of from the DQQ), I don't think this would've likely resonated with him at the time of the payment based upon how he had been introduced to the investment, the sophistication of the scam and the discussions he'd held with T.

So, I don't think Currencies Direct could've, more likely than not, uncovered the scam in relation to that first payment.

The second payment Mr K made was for a smaller amount but a different investment opportunity. When he attempted to make the payment Currencies Direct stopped it and asked him why he was making it. Mr K selected the option of 'other' on Currencies Direct's online platform despite having 'Investment' as an option. He was then provided with a warning on the online platform asking him to contact it before going ahead with the payment

if he had been pressured to make the payment, was paying up-front deposits or fees, been given vague information or new account details and if the person or company he was dealing with was on the FCA's warning list of scam and clone firms.

I'm satisfied given the payment amount that Currencies Direct reasonably supplied a warning on its online platform here. It was aware that Mr K was investing and the amounts that he would be sending. And because this was a new individual account for him there were no other transactions for it to compare the payment to (with the exception of the first and much larger USD transfer he made a few weeks before).

Mr K said that Currencies Direct should've done more here but I don't agree. And even if I was satisfied it should've gone further here (to be clear I'm not) I don't think the scam would've more likely than not been discovered. From the information I've seen, Mr K was provided with professional documentation and a contract. He had been referred to Z by people in his professional network and had reached out to those people who said they had invested before. The type of scam also would've made it more difficult for Currencies Direct to know with certainty that it was a scam given that the money was going to be invested in buying a company and trying to grow that company so that it could be sold for a profit. So, Mr K was more likely than not sufficiently satisfied with the research he had completed into the company and the endorsements from people who had apparently made money with Z before, which persuades me on balance, that any further intervention wouldn't have uncovered the scam.

Recovery

Both payments were made internationally, and Mr K didn't raise a complaint with Currencies Direct until November 2024. So, even though Currencies Direct didn't attempt to recover the money the chances of the money still being available in the beneficiary accounts was unlikely given the time that had passed. Recovering money internationally is also notoriously difficult – even more so after the amount of time that passed until Currencies Direct was made aware Mr K had been scammed.

So, I'm not going to ask Currencies Direct to do anything further here.

My final decision

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 K to accept or reject my decision before 6 January 2026.

Mark Dobson
Ombudsman