

The complaint

Mr P has complained Bank of Scotland plc won't refund all payments he says he made and lost to a scam.

What happened

The details of this complaint are well known to both parties, and not in dispute, so I will only include a summary here. Mr P was contacted unexpectedly via a messenger app and informed he could make 1% compounding interest daily from an investment opportunity. He was initially able to make some small withdrawals, which led him to believe this was a genuine investment. However, Mr P subsequently realised it was a scam when he was unable to withdraw any further funds, without first depositing more. In total Mr P has explained he invested, via different accounts, circa £10,000 in this scam – over £1,500 was transferred from his Bank of Scotland account between December 2024 and January 2025.

Mr P informed Bank of Scotland of the scam, but it did not refund any of his lost monies. Nor did it uphold his complaint as it did not consider that it had acted incorrectly by allowing the payments to be made. Ultimately, it did not consider the payments to have been unusual enough to have caused it to prevent Mr P from being able to send his funds to the money remittance providers. Mr P disagreed and referred the complaint to our service.

Our Investigator considered Mr P's complaint and she too agreed that the payments made to money remittance providers, before being sent to the scammer, were not of such a value, or frequency that ought to have caused Bank of Scotland any concern. However, Mr P disagreed and requested a final decision.

As the complaint could not be resolved informally it has been passed to me to issue a final decision.

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 aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I am sorry to hear about the situation Mr P has found himself. However, just because a scam has occurred, it does not automatically entitle him to recompense by Bank of Scotland. It would only be fair for me to tell Bank of Scotland to reimburse Mr P for his claimed loss (or a proportion of it) if: I thought Bank of Scotland reasonably ought to have prevented all (or some of) the payments Mr P made, or Bank of Scotland hindered the recovery of the payments Mr P made – whilst ultimately being satisfied that such an outcome was fair and

reasonable for me to reach.

I've thought carefully about whether Bank of Scotland treated Mr P fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr P's complaint. I know this will come as a disappointment to him and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr P made the payments himself and the starting position is that Bank of Scotland should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr P did not intend for her money to be lost, but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made. Although, the scam reimbursement rules that came into effect on 7 October 2024 do not apply here.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Bank of Scotland should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the transactions should have highlighted to Bank of Scotland that Mr P might be at a heightened risk of possible financial harm due to fraud or a scam.

I have kept in mind these payments were being made through money remittance providers, which are mostly used for international payments as Bank of Scotland would be aware, but that doesn't mean they should automatically be treated as suspicious. This is particularly so when there are not sufficient concerning factors about the payments. Ultimately, Mr P was sending funds to legitimate entities offering genuine money remittance services. Even if Mr P had not previously sent funds this way via his account, I would not consider it to be a red flag that ought to have been suspicious to Bank of Scotland in isolation of any wider concerns.

Therefore, having considered Mr P's payments I agree with our Investigator's findings. I'm not persuaded that Bank of Scotland should have been concerned with his payments as they would not have appeared to be suspicious or unusual. I think it's important to highlight that there are many payments made by customers each day. It's not reasonable to expect Bank

of Scotland to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

The payments Mr P made were not of such a significant value that Bank of Scotland ought to have prevented them. Nor were they completed at such a frequency that they should have highlighted to Bank of Scotland that Mr P may be falling victim to a scam – I've noted they were sent over a period of circa four weeks compared with in quick succession. Ultimately, these payments did not have the common hallmarks of a scam which would have allowed Bank of Scotland to identify Mr P may be at risk of financial harm. It also does not appear that Mr P's account had been opened for a particularly long period of time - this would have meant Bank of Scotland had less data available as to what his standard account usage was.

I am sorry to hear about the vulnerable situation Mr P was in at the time of the scam and how the scam has exasperated his vulnerabilities further. Due to their sensitive nature I will not list what Mr P has informed us of here. The repercussions such a cruel scam has had on Mr P is not something I have overlooked when reaching my decision. I have considered whether a pattern emerged that should have highlighted that Mr P's decision-making was impacted. However, as Mr P has explained to our Investigator, his situation prior to this scam was controlled with prescription medication and it has only since become far worse after he discovered a scam occurred. I am empathetic towards Mr P - and understand his vulnerability did impact things like this concentration. However, I do not consider, in isolation of any other clear indicators of a potential risk of financial harm, that his vulnerability should mean I hold Bank of Scotland liable his loss. Nor do I think there was any way Bank of Scotland could have ascertained Mr P may well have had any additional vulnerabilities to take note of. Being vulnerable doesn't necessarily mean such an account holder is prevented from making any payments. In this instance I do not think Bank of Scotland acted unreasonably by allowing his payments to be made.

I've noted that Mr P has explained another bank gave him a full refund of his losses he incurred whilst transferring funds to the scammer via them. However, we consider each case on its own individual merits and although one bank has decided to refund him it does not automatically mean the others must do so as well.

I'll note here that I do appreciate Mr P was seeking Bank of Scotland to resolve his scam claim more quickly, but I do think they did complete their investigation at a reasonable pace. For completeness, I'll also add that although Mr P has raised an issue with the time it took Bank of Scotland to log/investigate his complaint, complaint handling is not something within our remit. This means we are unable to comment on any standalone points linked with complaint handling.

I'm very sorry to disappoint Mr P, especially considering the impact this cruel scam has had on him. However, I don't think Bank of Scotland should have prevented him making the payments. So, it wouldn't be reasonable for me to ask them to refund the payments he made.

The Contingent Reimbursement Model Code

Although Bank of Scotland has signed up to the Contingent Reimbursement Model Code, the payments Mr P made from his account aren't covered by the Code. The payments all look to have been made to an account in his own name, before he forwarded the funds on to the scammer. Additionally, payments made via card are not covered either. I cannot fairly and reasonably say that Bank of Scotland should have to refund payments under the Code when it doesn't apply here.

Recovery

The only method of recovery Bank of Scotland has for payments made by card is to request a chargeback. However, Mr P didn't make the card payments to the scammer directly, he paid a money remittance provider who appears to have provided the expected service. If these funds had not already been transferred to the scammer, they would be in his control to access as and when he chose. The fact that the funds were later transferred to the scammer doesn't give rise to a valid chargeback claim against the money remittance provider.

Similarly in relation to the direct transfers Mr P made to the money remittance providers, had he not forwarded the funds to the scammer they would still be within his control to access. Bank of Scotland would only have been able to attempt to recover his funds from where he first sent them, the money remittance providers and not from the scammer.

So, in light of all of the above findings, there's no fair and reasonable basis under which I can ask Bank of Scotland to reimburse Mr P's loss.

My final decision

My final decision is I am not upholding this complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 December 2025.

Lawrence Keath
Ombudsman