

The complaint

Mr D complains that Caxton Payments Limited have failed to refund £10,459.32 which he lost to a safe account scam.

The details of this complaint are well known to both parties. So, if there's a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Caxton was responsible for Mr D's 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.

Having done so, I agree with our Investigator that this complaint should be upheld in part. Let me explain why.

When Mr D was contacted by someone he believed to be from his bank (Bank B), he was persuaded to move £10,000 from Bank B to Caxton to keep his funds safe. From there, Mr D believed he was transferring funds back to a secure account with Bank B. But he was unwittingly making card payments to three retail merchants as part of a scam. This was later confirmed to Mr D by Bank B when he contacted them to see if the call he'd received was genuine.

It isn't disputed that Mr D authorised the payments from his Caxton account. Generally, consumers are liable for payments they authorise and Caxton are also expected to process authorised payment instructions without undue delay. However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, including the Consumer Duty, there are circumstances where it might be appropriate for Caxton to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud or scams.

I've therefore considered whether the payment instructions given by Mr D to Caxton (either individually or collectively) were unusual enough to have expected additional checks to be carried out before they were processed. When considering this, I've kept in mind that EMIs (such as Caxton) process high volumes of transactions each day. And that there's a balance for Caxton to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical to carry out additional checks before processing every payment.

I agree with our Investigator that Caxton should've been concerned about the first payment (£7,400). It was significantly larger than payments made by Mr D in the previous 12 months and whilst to a legitimate retailer, Mr D's account was typically used to transact in Euros whilst abroad. This payment was also made after a £10,000 payment entered Mr D's Caxton account – which although was authorised by him and from his genuine account with Bank B, this was again a change to usual account activity.

In its defence, Caxton said that it did recognise all three payments made by Mr D as being at odds with his account history. And because of that, it sent a one-time passcode (OTP) for each payment. Caxton said that the OTP messages said where the payments were going to,

the amounts, and that they were not to be shared with a third party. But it believes Mr D shared this information with the scammers, thereby authorising the payments and allowing them to proceed.

I accept that OTPs are used to ensure that only the account holder can authorise potentially high-risk payments. But this doesn't recognise that a consumer may be at risk of a fraud or scam. As I've said above, it isn't in dispute that Mr D authorised the payments, and that this was done while under pressure from scammers because he believed his accounts had been compromised. But despite Caxton recognising that the payments were inconsistent with Mr D's usual account behaviour, no scam interventions took place, nor were any safe account scam warnings given.

So, considering all the above, I'm satisfied that prior to the £7,400 payment being processed, Caxton ought fairly and reasonably to have recognised that Mr D could be at an increased risk of financial harm from fraud or scams.

I've considered what type of warning would've been proportionate in this situation. Given the size of the payment, I think a human intervention would've been appropriate. This would've allowed Caxton to find out the payment purpose and whether Mr D had received calls about being asked to move his money.

Caxton has argued *"due to the volume of transactions we process, it is not feasible to have human intervention for every monitoring alert. Instead, we use automated solutions like OTPs to ensure quick and secure verification to maintain security for our customers"*.

I understand the point Caxton is making here, and as I've said above, given there is a balance for Caxton to find between questioning transactions and allowing customers to use their account without unreasonable friction, a human intervention will not always be necessary or proportionate. But in the circumstances of Mr D's case, I maintain that a human intervention was justified.

However, for me to find it fair and reasonable that Caxton should refund Mr D requires more than a finding that Caxton ought to have intervened. I would need to find not only that it 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 prevented.

Had Caxton asked Mr D a series of questions to understand why he was making the payment, I think he'd have likely explained that he'd received a call from Bank B and was told his account wasn't secure and that he was sending his funds to a secure account with Bank B. Caxton would've been aware that this wasn't normal practice; and would've likely explained to Mr D that the payment he was making was to a retail merchant, not to a safe account with Bank B as he'd been led to believe.

I should as this point add that I've not seen any evidence that Mr D was given a cover story by the scammers about how to reply to questions from Caxton. And so, I think he'd have likely been honest with his answers.

So, taking all this into account, I think an appropriate intervention by Caxton, and warnings about impersonation and safe account scams, would've more likely than not, on balance, have resonated with Mr D and uncovered the scam. Therefore, preventing his loss from the first payment (a total of £10,459.32).

I've thought about whether Mr D should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint, including considering Mr D's own actions and responsibility for the loss he has suffered.

When considering whether a consumer has contributed to their own loss, I must think about whether the consumer's actions showed a lack of care that goes beyond what we would

expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

Here, I can understand how Mr D felt concern and panic when told his money was at risk. And he did have an account with Bank B – with the caller referring to him by name.

I must however also consider that Mr D decided to continue with the call before taking any steps to verify if it was genuine. He's told us that the call came from a private number and that no security checks were carried out – such as, for example, getting him to confirm personal or contact information, or transaction history. I think this should've appeared suspicious to Mr D.

I also think Mr D should've questioned what he was being told and challenged why Bank B couldn't cancel any unusual transactions and put blocks in place to protect his account. And I also think Mr D should've challenged why he was being asked to move his funds to Caxton – and why they couldn't remain in his Caxton account which was secure.

Mr D says he was told he was transferring his funds from Caxton to a new secure account with Bank B. But he was paying retail merchants (which would've been apparent on the OTP messages he received from Caxton). I appreciate Mr D was under pressure and in a panic, being concerned that his money was at risk, and might not have fully understood the true nature of the transactions he was making. But I think there was enough going on here that ought to have given Mr D some cause for concern.

Because of this, and taking everything into account, I think Mr D ought to have questioned the legitimacy of the call and taken steps to protect himself from the scam at the time – such as contacting Bank B, as he did after the payments were made. If he had, he would've become aware it was a scam and prevented his own losses. Therefore, on balance, I think it would be fair to reduce the amount Caxton pays Mr D because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

My final decision

My final decision is that I uphold this complaint in part. I direct Caxton Payments Limited to pay Mr D:

- £5,229.66 – that being 50% of £10,459.32.
- 8% simple interest, per year, from the date of each payment to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision **before 3 March 2026**.

Anna Jackson
Ombudsman