

The complaint

Mr D, via a representative, has complained that The Co-operative Bank Plc (“Co-op”) failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr D came across an advert for a company that purported to be a crypto investment firm that I will call B. This advert was fronted by a deep fake of a well-known celebrity.

Mr D then made around 14 payments from his Co-op account to an account that Mr D held with a different provider these transactions were made via transfer, card payments and two Chaps transfers. The payments made from Mr D’s Co-op account totalled over £400,000 and took place between November 2022 and March 2023.

Mr D realised he had been scammed when he was unable to withdraw his profits and was told he would need to pay additional fees to do so. Mr D asked Co-op to refund these payments, as he believes Co-op should have done more to prevent him from being scammed in the first place. Co-op did not agree with this.

One of our investigators looked into this matter and he thought that any intervention from Co-op would not have stopped the scam. He therefore did not uphold this complaint.

Mr D did not agree with this and therefore his complaint has been passed to me to issue a 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is that Co-op is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Co-op should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- 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;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Co-op sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Co-op did intervene and asked questions about the transactions that Mr D was making. From what I have been provided with, Co-op intervened during the first transaction that Mr D made and the second intervention was towards the end of the scam. There are no records of what was said during the first intervention. But there is a call recording of the second intervention.

Given the size of the payments that were made I think further interventions would have been merited, even though the payments were going to an account in Mr D's own name. But I don't think that this would have stopped the scam.

During the call when Co-op did intervene for the second time, Mr D provided answers that were not entirely accurate. I note Mr D's representative's suggestions that these answers were accurate. I am not persuaded by this, such as when he is asked if he had sought financial advice he mentioned he had a financial adviser. Whilst technically accurate it is clear that this question is asking if he had sought financial advice about this specific investment, and not if he had a financial advisor in general. Answering that he had a financial advisor is clearly suggesting that he had sought advice from the advisor in relation to the specific investment. Also, when asked if he had seen an advert for a get rich quick scheme or had been offered returns too good to be true on social media fronted by a celebrity, he said no. Mr D's representative has said that this is true because he did not think of the investment as a get rich quick scheme with returns too good to be true. However, even though the advertised returns may not have been too good to be true, he had seen an advert online, promising good investment returns fronted by a celebrity. I think most people (who are not trying to circumvent a security check) would have answered this question as yes in such circumstances. This, taken together with other questions asked suggest that Mr D was answering questions in a way designed to obfuscate what he was doing to prevent the payments being stopped by Co-op.

It is possible that Mr D may have answered differently if questions were asked earlier in the scam. I have carefully considered this and it is unfortunate that the records of the call made at the start of the scam are not available. The only evidence that I have about the way that Mr D would have likely answered questions at the start of the scam is the online chat from his other account provider.

My understanding is that Mr D has indicated that the scammer was answering the questions on his in-app chat with his other account provider, via a screen sharing application. Based on what I can see, I am not sure if that was the case, as Mr D provided photo's of himself promptly when asked questions by his other account provider. This suggests that Mr D at the very least was present when the questions were being asked.

Regardless of this, the person answering the questions seems to have been aware that, if they gave accurate answers as to what they were doing, the payments might be stopped. This is demonstrated by misleading answers being provided. For example, when questioned whether remote access had been installed it was confirmed that it had not been. And when asked if someone had asked Mr D to open the account, the answer provided was no - both of which were not accurate answers. So either Mr D was providing misleading answers or Mr D was allowing the scammer to do so on his behalf.

This suggests that had Co-op intervened more than it did Mr D would have either misled Co-op on his own accord or would have provided answers prompted by the scammer designed to make the payments appear legitimate. I am also mindful that, even though the call at the start of the scam is not available, the payment was allowed to go through and if Mr D had divulged exactly what he was doing, I don't think that it would have been allowed to go through.

So overall I think that Co-op should have intervened more than it did. But I do not think that this would have likely stopped or uncovered the scam.

I've also thought about whether Co-op could have done more to recover the funds after Mr D reported the fraud.

Co-op are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because the funds were sent to an account in Mr D's own name

I appreciate this will likely come as a disappointment to Mr D, and I'm sorry to hear he has been the victim of a scam. However, whilst I have a great deal of sympathy for the situation that Mr D found himself in, I'm not persuaded that Co-op can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

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

Charlie Newton
Ombudsman