

The complaint

Mr B complains that THE CO-OPERATIVE BANK P.L.C. ('Co-op'), won't refund him the money he lost after he fell victim to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around January 2025, Mr B fell victim to a cryptocurrency investment scam. As part of the scam, Mr B opened an account with another provider that I'll call 'R'. And Mr B topped up his account with R, by making a card payment from his Co-op account of £1,000 on 17 January 2025.

Later on in the year Mr B was contacted as part of an attempted 'recovery' scam. Mr B then raised the matter with Co-op, as he was concerned his bank account had been compromised due to software that he had been asked to download on his mobile device. Mr B raised the payment he made in January 2025 that was as a result of a scam. Co-op didn't uphold Mr B's complaint, and it didn't consider it was liable to reimburse him. It also offered £100 as a gesture of goodwill to recognise the impact the matter had on Mr B's wellbeing.

Unhappy with Co-op's response, Mr B brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, she didn't think Co-op missed an opportunity to identify that the payment was being made in relation to a scam or that Mr B was potentially at risk of financial harm from fraud. She also didn't think there was anything Co-op could have done to recover the funds, such as through a 'chargeback' as the merchant (in this case R) had carried out its services in receiving the funds into Mr B's account and Mr B had subsequently moved the funds on also. The Investigator also considered Co-op's gesture of goodwill of £100 was therefore fair in the circumstances.

Mr B didn't agree with our Investigator's view. As agreement couldn't be reached, the complaint has been passed to me for 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 very 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 focussed on what I think is the heart of the matter which is whether Co-op could have prevented Mr B's loss or recovered his funds. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. 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.

Having thought very carefully about Co-op's actions, I'm not upholding Mr B's complaint. I do appreciate how disappointing this will be for him. But in weighing everything up, I don't think I can fairly say Co-op are liable to reimburse him. I'll explain why.

It is agreed by all parties that Mr B made the payment. The fraudster recommended Mr B to open an account with R, which he did. And Mr B, believing his initial investment was doing well, was then persuaded to invest more which led to him making a payment from his account with Co-op to top up his account with R. So, it is the case that Mr B authorised the payment that is in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr B is responsible for it. And that remains the case even though Mr B was the unfortunate victim of a scam.

There are some additional schemes that provide reimbursement to victims of scams, such as the Faster Payment Scheme – Reimbursement Rules ('Reimbursement Rules') which came into effect on 7 October 2024. However, the Reimbursement Rules put a requirement on firms to reimburse Authorised Push Payment ('APP') scam payments made via the Faster Payments Scheme or via CHAPS which have gone to another account (that a consumer didn't control). So, as card payments aren't one of the transaction types covered, and as the payment also went to an account in Mr B's own name, it means the Reimbursement Rules isn't an applicable consideration in this case.

Despite the Reimbursement Rules not applying to the payment Mr B made, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Co-op) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

What does this mean for Mr B?

In this case, I need to decide whether Co-op acted fairly and reasonably in its dealings with Mr B when he made the payment, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say the payment Mr B made would (or should) have alerted Co-op that Mr B was potentially at risk of financial harm, to an extent whereby it should have carried out some additional checks before processing the payment. So, I don't consider there was a failing here that would lead me to say that Co-op are liable for the loss Mr B incurred. I'll explain why.

I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

Here, I don't consider there is anything unusual or remarkable about the payment or the amount that ought to have alerted Co-op to the possibility Mr B was being scammed or was at the potential risk of financial harm from fraud. It was card payment that was topping up Mr B's own account held at R. So, Co-op would have been satisfied that it was Mr B making the payment as he had authorised it, and that it was going to an account in his own name. And I don't think the amount in and of itself meant Co-op needed to intervene. I'm also mindful that there weren't multiple payments made in very quick succession, which can often be an indicator that a customer is potentially at risk. Given the amount wasn't so remarkable and there wasn't a suspicious pattern to the payments such as multiple, rapid and or increasing amounts, I don't find it ought to have given Co-op cause for concern that Mr B was at risk of financial harm from fraud – and not to an extent whereby I would expect it to carry out some additional checks on the payment.

Mr B was going through a tough time at the time he made the payments, which he was open enough to disclose to Co-op when he reported the scam, but I can't see that Co-op had been made aware of this prior to him making the payment such that it could have added any additional protections to Mr B's account or profile.

So, all things considered; I don't think it was unreasonable that the payments didn't flag as suspicious – and I can't say Co-op acted unfairly by not carrying out any additional checks.

Recovery of the funds

I have also considered whether Co-op did all it could to try and recover the money Mr B lost. Due to the nature of this type of scam, with Mr B making a card payment to his own account at R, it unfortunately meant there wasn't anything further Co-op could do to help Mr B recover his funds such as through a 'chargeback', as there was no prospect of success. This is because the 'chargeback' would be against the merchant (R) – and here the merchant had legitimately carried out its service of receiving the funds into Mr B's own account, which he then moved on. So, the merchant (R) would have reasonably defended any chargeback raised against it.

I note that as part of the scam Mr B made payments from another provider that I'll call 'Z'. Mr B says Z refunded him the payments he had made toward the scam. I can't comment on the actions that Z took or on its reasons to refund Mr B. I can only comment on the complaint before me, which is Mr B's complaint about Co-op. And I'm satisfied it wasn't unfair for Co-op to process the payment instruction it received, and it didn't need to intervene or carry out any additional checks on the payment.

I also note that Co-op paid £100 as a gesture of goodwill and that was to recognise the impact matters had on Mr B. That seems more than fair, as I don't find there were any failings by Co-op in processing the payment instruction it received and then declining to reimburse Mr B when he raised his scam complaint.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact the scam has had on Mr B. He was the victim of a cruel scam and lost money as a result. But I can only compel Co-op to refund Mr B if I find it is responsible for the loss incurred. For the reasons explained, having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Co-op should be held liable for the loss Mr B has sadly suffered.

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 B to accept or reject my decision before 3 March 2026.

Matthew Horner
Ombudsman