

## The complaint

Mr S complains that The Co-operative Bank Plc (Co-Op Bank) won't refund the money he lost as a result of an investment scam. Mr S is represented in this complaint by a Claims Management Company (CMC).

## What happened

When Mr S submitted his complaint to the CMC, in March 2025, for them to seek a refund from his banks including Co-Op Bank, he doesn't appear to have realised and therefore communicated to either the CMC or Co-Op Bank that this was a romance scam. He was still liaising with the scammer, and he appears to have thought she was also the victim of an investment scam and not realised her involvement in it.

Although Mr S, and therefore the CMC, Co-Op Bank and other banks, don't appear to have initially realised this was a romance scam, our investigator referred to this in his view.

The following is a summary of apparent events.

It's unclear how X (the scammer) made contact with Mr S, however she started to communicate with him on a messaging app in April 2024. Mr S and X struck up a friendship and started to speak most days and this friendship quickly turned into a romance that went on for over a year.

X told Mr S about her crypto / trading success guided by an analyst and, although he was initially reluctant, she influenced him to start investing in a fake Company O. To fund his investment, X persuaded and pressurised Mr S to take out loans and borrow from friends and family. X also appears to have persuaded him that she was helping to fund his investment and to give her control of his computer.

In 2024 and again in 2025 (when Mr S ran out of money, had no more money to invest and was waiting to withdraw his fake investment profits) X appears to have manipulated him to borrow and then pay emergency medical fees for her and her mother.

In February 2025, Mr S was relieved to hear that he could finally withdraw money he made from the fake Company O investment, but he had to find and borrow more money to pay release fees. X led him to believe she had also invested, paid and lost release fees and they had both been scammed. This was at the beginning of March 2025 when Mr S contacted the CMC to try and get some money back from Co-Op Bank, Bank H and Bank M.

To pay the scammers Mr S:

- A. Borrowed funds and paid them into his accounts with Co-Op Bank and Bank H.
- B. Then he transferred funds from his Co-Op Bank and Bank H accounts into his Bank M account.
- C. Then he transferred funds from his Bank M account to two crypto exchange accounts he opened with Company S and Company C.
- D. Then, from Company S and Company C accounts, he credited the scammers in crypto.

Mr S made the following payments from his Co-Op Bank account to Bank M:

Payment Number	Date	Payment Method	Beneficiary	Amount
1	15/05/2024	Faster Payment	Mr S's account with Bank M	£250.00
2	20/05/2024	Faster Payment	Mr S's account with Bank M	£7,000
3	21/02/2025	Faster Payment	Mr S's account with Bank M	£2,000
4	21/02/2025	Faster Payment	Mr S's account with Bank M	£300
5	24/02/2025	Faster Payment	Mr S's account with Bank M	£100
6	24/02/2025	Faster Payment	Mr S's account with Bank M	£950
7	25/02/2025	Faster Payment	Mr S's account with Bank M	£1,600

Co-Op Bank rejected Mr S's complaint and claim that they failed to protect him, and unravel the scam, by not intervening on out of character payments.

Mr S was dissatisfied and brought his complaint to our service. However, after considering Mr S's responses to the questions when Co-Op Bank and Bank H did intervene, although our investigator thought that the Co-Op Bank intervention could've been better, he still didn't think this would've made a difference and unravelled the scam.

Mr S's representative disagreed and asked for an ombudsman to further consider his complaint. His reasons included the following:

- His account activity was clearly indicative of multi-stage fraud.
- There was a lack of open-ended and probing questions, especially as Co-Op Bank should've been aware that he had a history of bankruptcy and was therefore more financially vulnerable and susceptible to financial harm.

### **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, although I'm very sorry to hear that Mr S has been the victim of this cruel scam and lost a significant amount of money, I'm not upholding this complaint. And I'll explain why.

I should first say that:

- Although I've read and considered everything both parties have said, I won't be responding to every point individually. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on balance of probabilities.
- Although Co-Op Bank is a signatory of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I'm satisfied this code doesn't apply to the payments here due to Mr S transferring funds to another account

in his name.

- As Mr S's funds were passed on to Bank M, then to a crypto exchange before going to the scammers crypto account, I wouldn't have expected Co-Op Bank to have been able to recover his funds.
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

#### PSR

Under the PSR and in accordance with general Banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mr S made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Co-Op Bank should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

#### Consumer Duty

Also, from July 2023 Co-Op Bank had to comply with the Financial Conduct Authority's Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Co-Op Bank was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, look out for signs of vulnerability.

With the above PSR and Consumer Duty in mind I first considered whether:

#### Co-Op Bank put in place proportionate interventions to protect Mr S from financial harm

From reviewing the file, I found that Bank M wasn't a new payee and prior to releasing payment 2 (for £7,000) Co-Op Bank did trigger two interventions – an automated warning and a human intervention with a fraud and scam agent.

I would've only expected these interventions to have taken place on payment 2. This is because payment 2 was a much larger amount than Mr S would normally pay and there was

a potentially concerning multi-stage payment as it preceded a credit of £7,100. The other payments were all much lower, going to an established payee, an account in Mr S's name with a regulated bank and with no concerning pattern.

I then considered:

Whether the interventions were effective and, if they weren't, whether this caused Mr S's loss

Although I'm satisfied that Mr S received an automated warning, it isn't possible to know the wording as this depends on the selection reason he gave. As Mr S was transferring to another account and there is evidence that he was following X's instructions to say the funds were for 'home improvements' rather than an investment and crypto payments, I think he would've, more likely than not, not selected the for 'an investment' option.

This would've meant he wouldn't have seen Co-Op Bank's prevention measures which were warnings about investment scams. He would however have seen a warning saying 'stop, could this be a scam' as this was contained within all warning options. Also, some general scam warnings that may have had some relevance. But because of his likely option choice, I don't think these would've resonated and at this point there is evidence that Mr S really trusted X and this caused him to go against his own reservations about crypto investments.

I listened carefully to the human intervention call recording, and I found it to be weak. The agent didn't ask him probing questions about what he was using a loan for and why he was immediately transferring the funds to Bank M. Also, there was limited educational information on scams and a lack of probing questions to unearth a potential scam and establish if there was a risk of financial harm.

Although I think this human intervention should've been stronger, interventions should be proportionate to the risk. And the agent would've seen that the payment was going to another regulated bank and have comfort that Bank M would undertake due diligence with a better and fuller picture of where the payment was going if and when it was moved out of that account.

Regarding educational information on scams, due to Mr S's likely responses to the automated selection questions, I think the agent wouldn't have had any information that the funds were going to a crypto exchange for an investment. Even if the agent asked more probing questions, there is evidence from Bank H's intervention call that Mr S (who was under the spell of X who was manipulating him) would've used the home improvement cover story suggested by X. So, the likely scam for an agent to cover would be an impersonation or safe account scam and I'm satisfied Mr S received these warnings from the agents of both Co-Op Bank and Bank H.

Regarding the lack of probing questions from the agent, I'm not persuaded that this made a difference here. This is because I found that the Bank H agent did thoroughly probe and Mr S, who was romantically involved, really trusted X, agreed not to share any information, developed and confidently delivered a plausible cover story for the reason X gave him. Although I couldn't see evidence of heavy coaching for this intervention, I could see evidence of control and manipulation and because of this, and the romance, I don't think Mr S would've been truthful to any fraud and scam agent.

Although I think the Co-Op Bank intervention should've been better, the agent did tell Mr S to be honest and did ask him if he had been told to lie and coached. She also said it would be a fraud if he'd been coached to lie and also asked him if he'd been approached on social media and put under pressure and, despite all or most of these applying to payment 2, he said this wasn't the case. Mr S also adopted the same approach to similar questions from a more thorough Bank H agent who asked a number of probing questions.

Regarding Mr S being vulnerable because he had previously declared bankruptcy. Although Co-Op Bank may have kept a record, this happened twenty years ago and even if the agent

saw this or Mr S brought this up (as he did on Bank H's intervention) and more questions were asked, I'm not persuaded that this would've made a difference. This is because Mr S confidently said this was long in the past and due to his spending as a young adult. Also, upon questions about the management of his account he still misled the Bank H agent.

So, based on the available evidence, even if the Co-Op Bank agent's intervention had been stronger, I think, more likely than not, that Mr S would've confidently given the agent the same cover story and as it was plausible and a 'me to me' payment where it wasn't possible to see next stage payment (to crypto accounts) the agent wouldn't have been suspicious.

Regarding the lack of probing about the loan not going directly to Bank M, the Bank H agent asked a probing question (as the same applied to the Bank H Payment). Mr S gave a confident and plausible reason to the Bank H agent, and I think, more likely than not, that he would've simply said his parents had his main bank account details which were with the Co-Op Bank (which may have been the case).

As mentioned above, I wouldn't have expected any further intervention after payment 2 and, even if Co-Op Bank did intervene, I think it more likely than not that Mr S would've continued to give false and misleading answers.

I realise the outcome of this complaint will come as a disappointment to Mr S and I'm very sorry he has lost a significant amount of money here. But, for the reasons I've explained, I won't be upholding this complaint and asking Co-Op Bank to make any refund.

### **My final decision**

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against The Co-operative Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2025.

Paul Douglas  
**Ombudsman**