

The complaint

Mrs T complains that The Co-operative Bank Plc trading as smile ('Co-op') won't refund the money she lost after falling victim to an authorised push payment ('APP') scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

Between December 2023 and April 2024, Mrs T purchased tickets for several musical and sporting events. Unfortunately, the person selling the tickets, whom I'll refer to as 'R', turned out to be a scammer and Mrs T didn't receive the tickets she paid for or her money back.

Mrs T made a complaint to Co-op and asked for a refund. Co-op considered Mrs T's complaint but decided not to refund her. Co-op said that whilst Mrs T hadn't received the tickets she purchased, it didn't think she'd been the victim of an APP scam. This was because Mrs T sent her funds to a third-party, whom I'll refer to as 'V', who had innocently passed the funds on to R. So, Co-op considered V, rather than Mrs T, had been the victim of R's scam, which meant Co-op wasn't responsible for Mrs T's loss.

Unhappy with Co-op's response, Mrs T referred her complaint to this service. Our Investigator considered the complaint but didn't uphold it. In their opinion, they didn't think Co-op was responsible for reimbursing Mrs T's loss.

In summary they said V had used Mrs T's funds in the manner that had been agreed, and that meant Mrs T hadn't sent the funds to V for a fraudulent purpose. Our Investigator also didn't think Co-op could've prevented Mrs T's loss, as they didn't think it should've intervened when the disputed payments were made.

Mrs T didn't accept our Investigator's opinion. She explained that the purpose of her payments to V was to buy tickets from R, which weren't provided – and in some cases the events didn't even exist. Mrs T felt this was sufficient to demonstrate her payments were sent for a fraudulent purpose, meaning Co-op should've refunded her, even though she didn't send the funds directly to R. Mrs T also argued that other complainants – who had paid V and not R – had received refunds after bringing their complaints to this service.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Mrs T's made some detailed submissions in support of her complaint. I've read and considered everything she's sent in, but I don't intend to respond in similar detail. 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 here. 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.

I appreciate other victims in similar circumstances to Mrs T (i.e., victims who paid V and not R directly) may have received a refund of their losses after complaining to this service. But I can't comment on the outcome of other complaints investigated by this service. I can only consider the circumstances of the complaint before me when deciding what's fair.

I'm sorry to disappoint Mrs T, but I'm not persuaded Co-op can fairly be held responsible for reimbursing her loss. I'll explain why.

At the time Mrs T made the disputed payments, Co-op was signed up to the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code'). The CRM Code provided additional protection from APP scams. However, the CRM Code didn't apply to every APP which ultimately resulted in a loss for the customer. For Mrs T's claim to be considered under the principles of the CRM Code, I'd need to be persuaded that it applies in her circumstances.

The CRM Code can only apply where the victim's payment meets the CRM Code definition of an APP scam. The relevant definition for this case would be that Mrs T transferred funds to another person for what she believed was a legitimate purpose, but which was in fact fraudulent.

I accept that the overall intention of Mrs T sending funds to V was for the purchase of tickets. However, I have to consider the specific purpose of the disputed payments. In this case, Mrs T wasn't purchasing tickets from R directly. She was sending the funds to V, so that V could purchase the tickets on Mrs T's behalf. So, I have to consider V's intention (not R's intention) when receiving Mrs T's funds.

V's bank statements show that Mrs T's funds were passed on to R shortly after Mrs T sent them. So, it would appear that V used the funds in the way that was agreed. Mrs T doesn't believe V was complicit in R's scam and I've seen no evidence to suggest V knew the tickets didn't exist and wouldn't be provided. As a result, it's my opinion that Mrs T and V's purpose for the disputed payments was broadly the same – i.e., that V would pass Mrs T's funds to R. So, whilst V went on to be scammed into sending Mrs T's funds to R, I'm not persuaded Mrs T's circumstances meet the relevant definition of an APP scam as per the CRM Code. That's because the purpose of the payment was the same for both the payer (Mrs T) and the payee (V).

Furthermore, in DS2(1)(b) of the CRM Code, it says it only applies to "*the point of the first reception of funds in an account held by a receiving Firm (the first generation account)*". So, for the CRM Code to apply in Mrs T's circumstances, the funds would need to have been sent directly to R. However, as R didn't receive Mrs T's funds directly, Mrs T's payments to V (who wasn't a scammer) aren't covered by the principles of the CRM Code.

So, whilst I'm satisfied that R was orchestrating a scam and that she obtained victims funds through dishonest deception, the payments Mrs T made to V aren't covered by the provisions and scope of the CRM Code. However, good industry practice requires that regulated firms (like Co-op) engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. So, I've also thought about whether there is any other reason why Co-op might reasonably be held responsible for Mrs T's loss.

Mrs T's first disputed payment to V took place on 12 December 2023 and was for £445. This was Mrs T's largest payment to V. The amount of the payment wasn't so significant that it ought to have given Co-op cause for concern. Also, V wasn't a new payee and Mrs T had sent funds to them before. As a result, I don't think Co-op reasonably ought to have been concerned that Mrs T was at risk of financial harm from fraud when the first disputed payment was sent.

Mrs T sent another nine disputed payments to V, along with some other payments that weren't for the purchase of tickets. The amounts ranged in value from £30 to £284 and were made over a period of over four months. As a result, I'm not persuaded that the value or pattern of the disputed payments demonstrated a risk of financial harm from fraud to the extent that I'd have reasonably expected Co-op to have intervened to question Mrs T about why she was making any of those payments.

As V immediately passed Mrs T's funds to R after receiving them, I don't think there was anything Co-op reasonably could've done to recover Mrs T's loss once it was aware of the situation.

In summary, I don't think the CRM Code applies in these circumstances, nor do I think Co-op reasonably could've prevented or recovered Mrs T's loss. As a result, I don't find Co-op is responsible for reimbursing her.

I appreciate Mrs T's frustrations that she's been left out of pocket (especially when others in similar circumstances have had more positive outcomes), and I have natural sympathy for her. However, I'm not persuaded Co-op has made any errors that mean it can fairly be held responsible for the loss she's suffered. As a result, I'm not of the opinion that Co-op was acting unreasonably by declining to refund Mrs T.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 17 October 2025.

Liam Davies
Ombudsman