

The complaint

Ms L complains that THE CO-OPERATIVE BANK P.L.C. (The Co-op) is refusing to refund her the amount she lost as the result of a scam.

Ms L has previously been represented by a third party. To keep things simple, I will refer to Ms L throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Ms L received an email newsletter from an investment business I will call "X" that appeared to be endorsed by a well-known public figure and clicked on a link which took her to X's website.

Ms L was then contacted by X and X convinced Ms L that if she invested, she would see returns of 100% in three months, followed by further returns after. Ms L tells us she started investing with a small amount before being convinced by X to borrow funds and invest more.

Ms L was also convinced to download remote access software and open another account with a different provider so she could make payments in relation to the investment via cryptocurrency.

Ms L was given access to an investment portal and made multiple payments on X's instruction, but X later stopped communicating with Ms L and she found the investment portal was fake, and no investments had been made.

Ms L has disputed the following payments made in relation to the scam from her Co-op account:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	17 January 2024	Ms L (1)	Transfer	£1,000.00
2	25 January 2024	Ms L (1)	Transfer	£18,650.00
3	2 February 2024	Ms L (1)	Transfer	£14,000.00
4	6 February 2024	Ms L (1)	Transfer	£18,770.00
	12 February 2024	Ms L	Credit	£19,164.58
5	12 February 2024	Ms L (2)	Transfer	£18,164.00

Our Investigator considered Ms L's complaint and didn't think it should be upheld. Ms L disagreed, so this 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.

It has not been disputed that Ms L has fallen victim to a cruel scam. The evidence provided by both Ms L and The Co-op sets out what happened. What is in dispute is whether The Co-op should refund the money Ms L lost due to the scam.

Recovering the payments Ms L made

The payments Ms L made in relation to the scam from her Co-op account went to other accounts in her own name that were in her control, not to X directly. It took further steps for those funds to end up in the hands of X.

So, if any funds did remain in the accounts Ms L made the payments to, they would not require recovery as they would remain in Ms L's control. In any event the funds Ms L sent to her other accounts were then forwarded as part of the scam. So, any attempt to recover the disputed payments would have no chance of success.

Should The Co-op have reasonably prevented the payments Ms L made?

It has been accepted that Ms L authorised the payments that were made from her account with The Co-op, albeit on X's instruction. So, the starting point here is that Ms L is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether The Co-op should have been aware of the scam and intervened when the payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

The first payment Ms L made in relation to the scam was not for such a high value that I think The Co-op should reasonably have had concerns that Ms L could have been at risk of financial harm.

The second payment Ms L made in relation to the scam, although being made to another account in her own name (which would generally carry a lower risk), was for a much more significant value which was not in keeping with how Ms L usually operated the account. I think The Co-op should have had concerns Ms L could have been at risk of financial harm when this payment was made and it should have intervened.

A proportionate intervention to payment 2 would have been for The Co-op to have discussed the payment with Ms L with the intention being for it to find out the circumstances leading to the payment and for it to provide an appropriate warning.

I can see that The Co-op did intervene on multiple occasions when Ms L made payments in relation to the scam.

When Ms L made payment 1 she was required to call The Co-op, and she confirmed:

- She was just transferring money to another of her accounts
- She had not been told to lie when making the payment, or been coached
- She was moving the funds to another account so she could use the card on that account
- No one had approached her to make the payment

- She was not under any pressure to make the payment
- She was happy to make the payment as she was moving funds to another of her own accounts
- She understood that if the payment was fraud related, she may lose the funds

When Ms L made payment 2 she was required to call The Co-op, and she confirmed:

- She recognised the payment
- She had not been told to lie when making the payment, or been coached
- She understood that if the payment was fraud related, she may lose the funds
- No one had asked her to make the payment; she was making it to another of her own accounts
- She was not under any pressure to make the payment
- She was happy to make the payment as she was moving funds to another of her own accounts
- She understood that if the payment was fraud related, she may lose the funds
- None of the questions asked had put any doubt in her mind about the payment

When Ms L made payment 4 she was required to call The Co-op, and she confirmed:

- She was making the transfer in relation to home improvements related to her garden
- She had received a loan from another bank in relation to home improvements
- She had not been told to lie when making the payment, or been coached
- She was moving the funds to another account in her name as it provided higher interest
- No one had asked her to make the payment
- She understood that if the payment was fraud related, she may lose the funds
- None of the questions asked had put any doubt in her mind about the payment

Ms L was asked why she had opted to have the loan funds sent to The Co-op account and not her other account directly. Ms L said she didn't have the loan funds paid directly to her other account as she had her Co-op account for so long that she automatically made payments to it.

The Co-op then asked Ms L to explain what another recent £15,000 credit to her Co-op account was in relation to. Ms L explained it was another loan from another provider taken for the same purpose.

As the Co-op was not entirely happy with the responses Ms L had provided it asked Ms L to attend a branch with some identification and the paperwork for the loan she had received before the payment could be made.

It appears that Ms L then attended a branch. The internal notes show that Ms L provided information about the loan she had taken, and the branch staff had no concerns based on the information Ms L provided to them.

When Ms L made payment 5 she was required to call The Co-op, and she confirmed:

- She recognised the payment
- She had not been told to lie when making the payment, or been coached
- No one had approached her to open the account and send money there
- Ms L confirmed it was her account with the other provider
- She was not under any pressure to make the payment

- She was happy to make the payment as it was her money, and she knew where it was going
- She understood that if the payment was fraud related, she may lose the funds
- None of the questions asked had put any doubt in her mind about the payment

In addition to the above Ms L also took multiple loans to fund the investment, but she confirmed during the calls with The Co-op that the loans were taken for the purpose of home improvement.

Considering the above, and that it is very uncommon for loan providers to provide loans for investment purposes I think its most likely Ms L provided dishonest information when applying for the loans to have them processed.

When our Investigator asked Ms L if she was coached when making payments, she said she was told by X to say the payments were for home renovations.

With the above in mind, it's clear that Ms L was under the spell of X and was willing to provide false information to well established financial institutions to obtain loans and make the various payments she has disputed.

Providing false information to The Co-op made it extremely difficult for The Co-op to uncover the scam that was taking place. Overall, I don't think The Co-op missed an opportunity to uncover the scam and it is not responsible for Ms L's loss.

Ms L has further told us that she has fallen victim to a scam and that the scammer befriended her making her trust him. I appreciate what Ms L has told us and while I understand she has fallen victim to a scam and the impact this has had on her, for the reasons I've explained above I am unable to ask The Co-op to reimburse her loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 19 December 2025.

Terry Woodham
Ombudsman