

The complaint

AM, a limited company represented here by its director, Mr A, complains that Metro Bank PLC has not refunded money it lost to a scam.

What happened

Mr A met the directors of a company I will call B at an overseas property exhibition in 2018. He made contact with them again when back in the UK and visited their offices, where they showed him the algorithm they claimed to have developed which they said could offer significant returns in cryptocurrency and forex investments. Mr A says he carried out his own checks on B's directors, and was satisfied with what he found, he also spoke with other investors at an event he attended with employees of B, and knew at least one individual who had got returns from investing with B.

Ultimately Mr A decided to invest in B, both personally and on behalf of AM. Over an extended period Mr A invested over £500,000 with B, £50,000 of this was invested on behalf of AM from AM's Metro account, in June 2020.

Mr A was expecting to receive returns of around 50% on the investment, but no returns were ever received. And, ultimately, he discovered that the algorithm B claimed to be using was not real. He says B told him all the invested funds had been lost.

Mr A raised complaints with the various banks he had made payments from, via a representative. Some banks refunded the loss, but Metro did not, it said it believed this matter was most likely a civil dispute rather than a scam.

Mr A referred his concerns about AM's loss to our service. One of our Investigators considered the complaint, they felt that AM had been scammed and so the payment should be covered by the Lending Standards Board's Contingent Reimbursement Model Code (the Code) which was in place at the time. When considering the Code, the investigator felt that none of the exceptions to reimbursement applied, so they felt that Metro should refund AM's loss in full, plus 8% interest.

Mr A accepted the Investigator's findings, but Metro did not, although it has not made any further comments on the investigator's findings.

So, as no agreement could be reached regarding this complaint, it has been passed to me for review.

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.

Has AM been the victim of an APP scam, as defined in the CRM Code?

It isn't in dispute that Mr A authorised the payment that is the subject of this complaint. Because of this, the starting position – in line with the Payment Services Regulations 2017 –

is that AM is liable for the transaction. But Mr A says that he has been the victim of an authorised push payment (APP) scam.

Metro was signed up to the voluntary CRM Code, which provided additional protection to scam victims at the time this payment was made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.*

I've therefore considered whether the payment Mr A made to B falls under the scope of an APP scam as set out above. Having done so, I think that it does.

I say this because our service is now aware of a number of issues related to B and its directors, which suggest to us it is more likely they were carrying out a scam. Specifically:

- B wasn't regulated by the FCA, which it needed to be to undertake the activity it was alleging to be engaged in. Private investment funds don't solicit investments from retail investors or the general public, which is what B did here. And it does appear to have mis-led investors over the need to be regulated, and put that in writing in its managed account agreements.
- Over 80% of money sent to B (under a loan agreement or managed account agreement) wasn't used for investment purposes, but almost 68% was paid out to investors. As a result, I'm satisfied that payments made to B controlled accounts in the UK were most likely the result of a Ponzi scheme and should be investigated as an APP scam.
- There's no evidence available to demonstrate B was trading forex successfully or generating the profits it claimed to be making.
- It seems to be the case that any returns investors received were likely sent to encourage further investment, either from existing investors or new investors who were recommended the opportunity from others who had already invested. Therefore, even if any of the funds Mr A sent were used to trade forex, it was likely with the intention of encouraging further investment as part of an overall scam.

Having carefully considered all the evidence, I'm of the opinion that B most likely wasn't using investor funds for the purpose in which they were intended, and this demonstrates that they weren't the "legitimate supplier" of a service. I think their conduct went beyond simply misleading investors about a genuine investment opportunity and that the real purpose of the payments received was different to what Mr A and other investors were led to believe – and

this was through deception. It follows that I think this complaint meets the definition of an APP scam as set out in the CRM Code above.

Is AM entitled to reimbursement under the CRM Code?

I've considered whether Metro should refund AM under the provisions of the CRM Code. Under the CRM Code the starting position is that a firm should reimburse customers who have been the victim of an APP scam, except in limited circumstances. These circumstances include:

- Where the firm can establish that the customer made the scam payments without a reasonable basis for believing that they were for genuine goods or services; and/or that the payee was legitimate.
- Where the firm can establish that the customer ignored an "effective warning" (as defined by the Code)

So, I've thought about whether Mr A had a reasonable basis to believe B was legitimate and was providing a genuine investment opportunity. In doing so, I have considered that Mr A met the directors of B in person, visited their offices on more than one occasion, saw the investment algorithm 'in action', and appears to have attended events with employees of B and with other investors who had received returns. Mr A also carried out his own research, and found nothing to cause him any concerns. I acknowledge that B was not regulated by the FCA, and that it should have been, but I don't think that's something Mr A would necessarily have known. Mr A was also provided with professional looking loan agreements, which would have further convinced him that B was a legitimate enterprise. Finally, I don't consider that the rate of return Mr A was told he could receive was so high that it should have raised his suspicions, particularly as he was aware of individuals who had received returns on their investments from B

So, given what Mr A had been told and had seen, and what he had found out himself, I think there was enough to reasonably convince Mr A that this was a genuine investment he could trust. With this in mind, I don't think Mr A made the payment on AM's behalf without a reasonable basis of belief that B was acting legitimately.

I've also thought about the warnings that may have been provided when Mr A made this payment. But Metro cannot confirm specifically which warning Mr A would have seen. And in any case, having seen all of the potential warnings that Metro was using at that time, none of those warnings meets the definition of an effective warning as set out in the Code. I'm therefore satisfied that Mr A did not see any warnings that could reasonably be expected to have affected his basis for belief that B was legitimate.

I therefore do not think Metro can apply the potentially relevant exceptions to reimbursement here, so it should reimburse AM in full.

My final decision

Metro should reimburse AM's loss in full.

It should also apply 8% simple interest per annum from 15 days after it was made aware of the scam to the date of settlement.

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

Sophie Mitchell
Ombudsman