

The complaint

Mrs B has complained that eToro Money UK Ltd trading as eToro Money won't refund money she lost to a scam.

What happened

Mrs B has said that:

- She came across an investment advert endorse by a celebrity however the opportunity to invest would only be available for a period of 24 hours. Mrs B clicked on the link and filled in her details. She then received a call from the scammers and proceeded to send a payment of £200.
- She had frequent calls with the scammer which led to a rapport being built. She granted a third-party access to her devices, and was persuaded to open new accounts with eToro, an electronic money institute which I will refer to as R, and a cryptocurrency provider who I shall refer to as C.
- Payments were made to R on 17 June 2024, 26 and 28 July 2024 from her bank account she holds with a third party bank who I will refer to as X. However, these have all since been recovered so don't form part of this complaint.
- She says the scammer accessed her computer and aided her in opening the eToro account. Mrs B then proceeded to send transactions from her eToro account, which were later transferred to the scammer.
- Mrs B has explained she was later contacted by a party claiming to be from HMRC who said she was under investigation for money laundering. She was therefore instructed to move her remaining money out of the account which led to a final transfer of £9,000 on 9 September 2024.
- Unfortunately, Mrs B was then contacted by the scammers advising that she needed to take out a loan in order to access her funds. This ultimately led to the scam being uncovered and being raised with X and eToro.
- The scam was reported to eToro on 10 September 2024 and they agreed to freeze any further trades while the matter was investigated.
- Mrs B has said she is unhappy with eToro's actions and their decision not to refund the losses caused as a result of the investment scam. She's a vulnerable consumer and was taken advantage of by the scammers.

Having looked into Mrs B concerns, eToro said:

- Mrs B transferred funds from her eToro Money account to an account with C held in her name.
- Following the scam being reported on 10 September 2024 it acknowledged the personal circumstances of Mrs B and agreed to block any further trades on the account.
- It attempted to recover the funds by reaching out to C, however this was

unsuccessful. Mrs B was updated about this on 22 December 2024 and it provided its final response to the scam dispute on 30 January 2025 stating that no compensation will be provided as they believe the primary responsibility falls on the originating bank (X) who should have taken action.

Mrs B remained unhappy and referred the complaint to our service. Our investigator looked into her complaint but didn't recommend it be upheld. Mrs B disagreed, so she asked for the complaint to be referred to me to consider.

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, I agree with the investigator's findings for broadly the same reasons. I will explain why.

In broad terms, the starting position in law is that an EMI is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs B authorised the payments from her eToro account. Therefore, under the Payment Services Regulations and the terms of her account, etoro is expected to process Mrs B's request, and she is presumed liable for the loss in the first instance.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in Septmeber 2022 that eToro should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out 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 firms 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, or provided additional warnings, before processing a payment – (as in practice eToro sometimes does);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Bearing this in mind, and having considered the circumstances of this case, I'm satisfied it wouldn't be reasonable to expect eToro's systems to have been triggered by payments one to five. I say this because I am not persuaded the payments carried a heightened risk of fraud. The payment values were not remarkably large or had any other factors which I think eToro ought to have been concerned about at the time. The payments were not significant enough to have triggered its systems; nor were there sufficient grounds to justify delaying the payments.

However, I am persuaded by payment six, which was made on 4 September 2024, for \$2,795, ought to have triggered eToro's fraud detection systems. I say this because, at this stage Mrs B had made three withdrawals, totalling \$8,685 within the space of three minutes,

this has all hallmarks of a scam emerging, and given the previous payments and activity I think there was enough about this payment which ought to have been concerning for eToro.

So, I have gone on to consider what I think would have been a proportionate intervention from eToro at the time. The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by September 2024, when these payments took place, eToro should have had systems in place to identify, as far as possible, the actual scam that might be taking place for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment she was making – have provided a scam warning tailored to the likely scam Mrs B was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if eToro had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. I say this because, Mrs B would have been asked questions along the following lines:

- What is the purpose of the currency withdrawals?
- Have you been contacted by any third parties and directed to make these payments/withdrawals?
- Are you under any pressure to make these payments?
- Do you have access to the account you're sending money to?

While eToro didn't intervene, I am aware that X did intervene on a payment on 19 August 2024 (prior to the payment in dispute here). X asked Mrs B to contact it via phone to discuss the payment, which is a stronger intervention than I would be recommending in this complaint. Having listened to the call I am satisfied X asked open and probing questions to gather information regarding the circumstances surrounding the payment Mrs B was making. However, Mrs B didn't provide accurate answers the questions asked, which denied X the opportunity to understand the risk Mrs B was potentially facing.

R also intervened on a payment Mrs B was making on 29 July 2024 and expressed the importance of answering honestly. Again, I can see R asked questions in with the warning I outlined above, but Mrs B didn't provide honest answers to the questions she was asked. Therefore, given that both these interventions were prior to the payment in dispute with eToro, even if it had have intervened in the way I have highlighted above, which I deem to have been proportionate, I satisfied Mrs B would have answered in the same way she did with X and R. Therefore, I'm not persuaded that further warnings or interventions would've made a difference. Unfortunately, Mrs B was under the spell of the scammer and being coached on how to answer the questions asked of her, as such, I am not persuaded she would have heeded any interventions or warnings provided by eToro had they been given. Mrs B representative has made several comments that Mrs B was vulnerable, and while I don't dispute this, I haven't been provided with any evidence eToro was aware of this. Her representative has made reference to certain information being available to X regarding to Mrs B's vulnerabilities, but this information wouldn't have been available to eToro.

Recovery

I've also thought about whether eToro could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. The disputed funds were converted from Sterling to US Dollars and then withdrawn and sent on to an account held for Mrs B with C. I am satisfied that eToro did reach out to C to make it aware of the disputed scam payments. C advised the funds had already been transferred to another user so the transactions were irreversible, and no refund could be offered.

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 Mrs B to accept or reject my decision before 14 January 2026.

Jade Rowe
Ombudsman