

The complaint and background

Mrs D, via her representative, complains that Bank of Scotland plc (“Bank of Scotland”) won’t reimburse over £18,000 that she lost when she fell victim to an investment scam in 2024.

The funds were transferred to Mrs D’s own account with an Electronic Money Institution (EMI) in one payment as she was closing her business account with Bank of Scotland.

Our investigator didn’t uphold the complaint. He felt that Bank of Scotland ought to have asked Mrs D more questions while she was in branch to arrange the closure. But he wasn’t persuaded that an intervention would have prevented her losses. This was because there were several other interventions, involving third parties, where Mrs D hadn’t been forthcoming with information and had provided reassurance about the payments she was making. And, when given warnings relevant to the situation she was in, she continued to make payments.

Mrs D’s representative disagreed. It said it would have been more logical to transfer the funds to the personal account she held within the same banking group. It also said that, if questioned about the funds going to her EMI account, the reasons she would have provided wouldn’t have plausibly justified such a large transfer. And it thinks that in-branch questioning would have triggered further banking protocol, police would have been called in, and the scam would likely have been uncovered.

As the investigator and Mrs D’s representative reached an impasse, the complaint was passed to me. I got in touch with the representative informally to let it know how I was minded to proceed.

I explained that there was a logical explanation around why Mrs D wanted to close her business account and it would then follow that the money would need to be transferred elsewhere. And, having considered the recent calls relating to the personal account, it was evident that Mrs D had been unhappy and had talked about closing that account.

However, I was minded to agree that Bank of Scotland should have asked questions in branch. But I didn’t think a proportionate intervention would have prevented Mrs D’s losses. Based on her interactions with third-parties, Mrs D hadn’t been forthcoming with accurate information when questioned. And she’d misled other parties by suggesting she was acting alone, other than the involvement of a family member.

So, had Bank of Scotland intervened proportionately, I thought it likely that Mrs D would have continued to answer in a similar way. And this was because she was following advice from the scammer, for what she believed was a legitimate investment, under the illusion that her family member had been successfully investing. As a result, I wasn’t minded to uphold the complaint.

Mrs D’s representative didn’t agree. It said that the cover story didn’t have any degree of depth, that EMIs are commonly associated with a heightened risk of fraud, and that Bank of Scotland’s actions weren’t appropriate or proportionate. It said that open-ended questions would have been successful in uncovering the inconsistencies necessary to identify the

scam.

So I'm now in a position to provide my final decision.

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 taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Bank of Scotland ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I maintain that there was a sensible reason to explain why Mrs D wanted to close the business account – the business was no longer operating. And in very recent communication, Mrs D had clearly expressed in at least three phone conversations, that she was frustrated with her experiences involving the personal account that her representative believes to be the logical account to have moved the funds to. She had said she was intending to, or considering, closing the account. So, as the funds needed to go somewhere, it doesn't seem unreasonable that Mrs D would have requested the funds be moved to an external account.

But that being said, in the circumstances I agree with the investigator and Mrs D's representative that Bank of Scotland ought to have enquired further about the closure, and the resulting substantial payment to the EMI account. But I'm not persuaded that would have prevented her loss.

I say this having listened to several calls with third parties, both before and after this transaction. Within these calls, Mrs D wasn't forthcoming with information, and she provided inaccurate answers to questions relating to the nature of the payments she was making. And this was even when the financial business had explained the reasons it was asking the questions and explaining the related scam risk.

Mrs D, through a combination of coaching from the scammer and her own volition, consistently avoided alerting the financial providers to what was really happening – she was clear when asked that she was acting alone, bar the assistance of a close family member. And she said she hadn't been asked to download any screensharing software, which we now know not to be the case. Furthermore, regardless of the depth of the cover stories, I note that Mrs D did provide various reasons as to why she wanted her funds in the EMI account, including the ease of its use while travelling and minimising costs involving with exchanges, as well as having received recommendations about the account. So it's clear that Mrs D's intention was for the payment to be made to what she perceived to be a legitimate investment.

While Mrs D didn't necessarily intend to deceive by the responses she gave to third parties, it remains that she consistently provided inaccurate and misleading answers when questioned. Mrs D said she had no reservations about the investment at the time, and this would have been supported by the fact her family member was seemingly investing successfully with the scammer. So, if Bank of Scotland had questioned her proportionately about the EMI account the funds were being transferred to on closure of the account, I think it's more likely than not that Mrs D would have continued to answer in such a way that ensured the closure and payment were processed without friction. And therefore the scam wouldn't have unravelled. I'm not satisfied that there would have been enough in the

interaction between Mrs D and Bank of Scotland to warrant the involvement of the police, as has been suggested.

While Mrs D has been the victim of a cruel and manipulative scam, and I'm sorry to learn of this and the surrounding circumstances, I can only uphold this complaint if I'm satisfied that Bank of Scotland's failings made a material difference to what happened. For the reasons given, I'm not persuaded they did.

My final decision

For the reasons given, 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 D to accept or reject my decision before 2 March 2026.

Melanie van der Waals
Ombudsman