

The complaint

A company I'll refer to as E complains Arbuthnot Latham and Co., Ltd have unreasonably declined to reimburse them for funds they feel they were scammed out of. They'd like the funds returned to them.

What happened

The background to this complaint is well known to both parties, so I will cover it only briefly. But in November 2024, E entered into an agreement with a company I'll refer to as P for the purchase of supplies. They transferred €41,523.98 from their account in Egypt to an account held with Arbuthnot Latham on 4 November 2024.

However, in December 2024 P went into administration, and E did not receive the full amount of supplies they'd agreed. E complained to Arbuthnot Latham that they had allowed a firm in administration to receive their funds and felt they had been deceived into making the payments. They said Arbuthnot Latham had breached the Payment Services Regulations 2017 (PSRs) and the Financial Services and Markets Act 2000 and asked for reimbursement of the undelivered portion of the agreement.

Arbuthnot Latham responded to say, in brief, they didn't believe they were liable for refunding E. They said they became aware of P's administration over month after the payment. They said they had processed the payment as their contract with their customer required them to do so and didn't see they needed to take any protective measures.

Dissatisfied with this answer E referred their complaint to our service. They argued it was unreasonable for Arbuthnot Latham to release the funds to the administrator. One of our investigators looked into what happened. He didn't think there was enough evidence that P had set out to scam E, and thought the matter was civil matter between the parties. He didn't recommend Arbuthnot Latham do anything further.

E didn't agree with this, and as such the complaint has been referred to me to decide on.

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'm not persuaded Arbuthnot Latham need to do anything further here. I appreciate this will be disappointing to E, as I can see they feel they've been wronged here. But the role of the Financial Ombudsman Service is to determine individual disputes between financial businesses and their complainants.

Here, E is not a customer of Arbuthnot Latham. But the Financial Conduct Authority's Dispute Resolution (DISP) rules allow our service to look at complaints against financial firms where there is an allegation they've received fraudulent funds. DISP 2.7.6(R) lays out the eligible relations, and (2B) says this includes:

(2B) the complainant is a person that has transferred funds as a result of an alleged authorised push payment fraud and both:

- (a) the respondent is (or was) involved in the transfer of the funds; and*
- (b) the complaint is not a PSD complaint;*

I understand Arbuthnot Latham had some concern about whether E was an eligible complainant. The eligibility under (2B) only requires the allegation of fraud, rather than it be fully substantiated.

I'm satisfied E transferred funds into an account with Arbuthnot Latham and now alleges they were scammed into doing so. So, I see this is a complaint our service can look at.

But Arbuthnot Latham are right that E are not their customer. There is no specific duty of care owed by Arbuthnot Latham to E. Their obligation under the PSRs is to credit their customer's account based on the unique identifiers provided, which they have done.

In any event, I'm not persuaded there is compelling evidence that P set out with the intention of scamming E. From what I've seen P seem to have been a legitimate firm at the time they entered into their agreement with E. It also seems to be accepted that they provided part of the goods ordered – which I think would be unlikely if the intent all along was to scam E.

Based on the information available, P entered administration over a month after E sent funds – the SWIFT message provided by E shows a value date of 4 November 2024, and Companies House shows that P entered administration on 9 December 2024. I've reviewed the administrators reports, and I've not seen anything to suggest P Was operating as a scam at time E made their payment. This doesn't give me any compelling reason to suspect P was operating as a scam at the time.

There can be many reasons a company enters administration, and it isn't for me to comment here why P did. But I'm satisfied that any losses are more likely a civil dispute between P and E, rather than the result of any acts or omissions by Arbuthnot Latham. I don't see that Arbuthnot Latham can reasonably be held responsible for any losses to E.

E has also said Arbuthnot Latham didn't return funds when asked in January 2025 and instead passed them to the administrators. But this would be a matter for Arbuthnot Latham to decide – E cannot instruct them on what to do with funds held in P's account.

Overall, I haven't seen anything to suggest Arbuthnot Latham have been unfair or unreasonable in declining to reimburse E. As such, I do not see that they need to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 5 February 2026.

Thom Bennett
Ombudsman