

The complaint

Mr T complains that Midpoint & Transfer Ltd (Midpoint) unfairly refuses to refund him money he says he lost as a result of a scam.

What happened

The circumstances surrounding Mr T's complaint are well known to the parties, so I won't set them out in detail here. Instead, I've summarised what I consider to be the key points.

Mr T purchased goods from an overseas supplier through an online auction website. He sent a payment of US\$24,849.00 to the supplier, on 17 November 2023, using Midpoint to make the payment by bank transfer. Mr T duly received the goods and took them to be authenticated by experts but unfortunately, he says he was told the goods were fake.

He attempted to resolve matters by contacting the supplier, but he received no response. He contacted the auction site and local law enforcement where the overseas supplier was based. When these options didn't resolve the issues, he contacted Midpoint, on 12 September 2024, and asked if it could attempt to recover his money.

Midpoint contacted its banking partner on 13 September 2024, there being a slight delay while it clarified with Mr T which payment he was disputing. On 25 September 2024, Midpoint told Mr T its banking partner had told it the payment couldn't be recalled. While further contact with the beneficiary bank was attempted, on 3 December 2024 Midpoint told Mr T the beneficiary bank had been unresponsive and recalls required the cooperation of the beneficiary bank. Correspondence and chasers continued well into 2025, but no response was received and Mr T made a complaint to Midpoint.

Mr T says Midpoint delayed acting on the reported fraud and could have done more to recover his money. He says it has caused delay, and its communication has been poor in general.

Midpoint says it is not responsible for Mr T's loss, and it took appropriate steps to try and recover his money.

In brief, our Investigator didn't uphold Mr T's complaint. She said recalling a payment isn't guaranteed to succeed and it's clear Midpoint initiated a claim and chased a response on many occasions, but it didn't receive a response from the beneficiary bank. She thought it was clear Midpoint had kept Mr T informed, though she thought Midpoint might have contacted him more proactively.

Mr T didn't accept the Investigator's assessment. In particular, he says Midpoint was required to make every reasonable effort to recover his money, in accordance with the Payment Services Regulations and in accordance with the FCA's Consumer Duty. He doesn't think it did this and he's not persuaded Midpoint made best endeavours to recover his money. He feels it should have continued to engage with the beneficiary bank until all reasonable avenues of recovery were exhausted. The Investigator's assessment overlooked the broader principle that he cannot be held responsible for the lack of cooperation between

banks. It's unreasonable that he should lose money due to systemic weakness in interbank cooperation. He thinks the suggestion that the delay in reporting the issue to Midpoint meant recovery was unlikely does not take into account delay caused by Midpoint in confirming the nature of the fraud and in initiating a recall claim.

He says he took all reasonable steps to pursue the seller and to interact with local law enforcement. He thinks it unfair that he should bear the entire loss.

When he made other payments to overseas payees, Midpoint had made checks, but it didn't do so on this occasion. He thinks this is inconsistent. He maintains this situation could have been prevented if Midpoint had made checks and had made every reasonable effort to recover his money.

As Mr T didn't accept the Investigator's conclusions, his complaint has been passed to me for an ombudsman's 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.

I was very sorry to read about the circumstances that led to this complaint and about the effect this matter has had on Mr T, both in financial terms and the emotional impact it has had. However, despite my natural sympathy for Mr T, I'm not persuaded that Midpoint is responsible for his loss. I'll explain why.

I understand that Mr T thought he was dealing with a reputable supplier when buying these goods and there doesn't seem to have been any basis for him to have doubted that he would be supplied with the genuine goods he had paid for. I also think the steps he took, in contacting the seller, the auction website and overseas law enforcement local to the seller, were all reasonable.

However, there isn't an automatic right to reimbursement for all fraudulent payments. The starting position is that a firm is expected to process payments its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case, it's accepted by all parties that Mr T authorised the payments and Midpoint made the payments in accordance with Mr T's instructions.

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

I would also expect Midpoint to make reasonable attempts to recover a customer's money where a customer disputed a payment.

Firstly, while I accept this was a large international payment and Midpoint might have intervened and asked questions about it, I find it highly unlikely that would have made any difference here. If Midpoint had intervened and asked Mr T questions about the purpose of the payment and whether he was confident he was paying a genuine supplier, for example, it seems likely he would have confirmed that he was buying goods he had seen on a reputable website and he thought he was dealing with a genuine supplier. There was little basis on which either Mr T or Midpoint would have had concerns about this transaction at that point, so even if I did consider Midpoint ought to have intervened, I don't think it's likely that this would have prevented the scam from taking place.

Turning to the issue of Midpoint's attempts to recover Mr T's money, I'm satisfied it took all the reasonable steps that were available to it and I'm not persuaded it was at fault in failing to recover Mr T's money. While I understand the reasons for the delay of around 10 months in reporting the fraud to Midpoint, these weren't Midpoint's fault. I agree that the lapse of time between the fraud and the reporting of it to Midpoint made recovery of any money unlikely. In my experience, in most cases of fraud, money is moved on quickly, to ensure that it cannot be traced or recovered. So, if deliberate fraud had occurred, it's unlikely that any money would have been left after ten months for Midpoint to try and recover.

I have noted Mr T's points about the FCA Consumer Duty, regulatory rules and principles and I have considered those carefully. I find that Midpoint acted quickly to establish which payment was in dispute and then made a claim to the beneficiary bank through Midpoint's partner bank. Mr T first raised this matter late on 12 September 2024, at 18:18 and Midpoint made the claim the next working day. I consider it unlikely any delay here was material, given the ten months that had elapsed between the payment and Mr T reporting it as fraud.

Recovery claims rely on cooperation from other banks and it's clear here that Midpoint contacted the other financial institutions involved but didn't get a response from the beneficiary bank. That isn't Midpoint's fault and I'm satisfied it made reasonable efforts, as it was obliged to do, to try and recover Mr T's money. This is particularly so in circumstances where any attempts to recover money ten months after the event are likely to have been speculative. I say this because Midpoint acted promptly to initiate a claim and the evidence shows Midpoint continued to chase a response from the beneficiary bank for several months, even when, in my view, it became clear that it was highly unlikely any response would be forthcoming.

Overall, while I have read and considered everything that Mr T has said and provided and I accept that he acted in good faith at all times, I'm not persuaded Midpoint did anything wrong here and certainly nothing that I consider could have prevented Mr T's loss or might otherwise have led to it recovering his money.

My final decision

For the reasons given above, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 March 2026.

Greg Barham
Ombudsman