

The complaint

Mr M complained because Yorkshire Building Society (YBS) refused to refund him for a payment he made to a cryptocurrency organisation.

What happened

In early 2024, Mr M opened a crypto account with what he believed was a large European exchange group. He also opened a linked "cake wallet" with the same organisation.

In May 2024 and subsequently, Mr M made payments from his account with another UK building society (not YBS). In December 2024, that building society blocked another payment which Mr M had tried to make, because it was higher than previous payments. It rang Mr M, who said he'd researched the company. Mr M spoke knowledgeably to the adviser, explaining that he sent money to his crypto account, and after that he sent whatever he wanted to a separate wallet to be traded. He also explained to the adviser how trades worked, and about arbitrage.

There were several calls between the other building society and Mr M. But the building society refused to let Mr M send more money to his crypto account. Mr M didn't agree with this decision. On a later call, Mr M said he did accept that there had been a scam. Later, the other building society paid him a percentage of the later payments he'd made.

A few days after telling the other building society that he accepted the payments to crypto had been a scam, and asking for a refund, Mr M then made a £10,143 payment from his YBS account on 20 December. He sent this to the same existing cryptocurrency account in his own name as he'd done from the other building society. On 24 December, there was a £9,446.05 credit from Mr M's crypto account back into his YBS account.

Four months later, on 24 April 2025, YBS rang Mr M. It said it was making a check on all payments within the last eight months which customers had made to crypto firms, because there had been an increase in fraud and scams. Mr M said yes, he'd been scammed too. The adviser asked Mr M whether he'd been in control of the recipient crypto account at the time of the payment four months earlier. Mr M said yes, but he'd then been pressured to transfer money from his own crypto account, to another crypto facility called a "cake wallet". He said the cake wallet had been a scam.

YBS refused to refund Mr M for the payment he'd made. In its final response, it said this was because Mr M had had control over the crypto account to which the £10,413 payment had been sent. It hadn't been carried out by a third party without his consent. It said that it was taking steps to ensure that it blocked all future transactions to crypto platforms. But it said it couldn't accept liability because Mr M had made the transactions himself, and they'd gone to an account in his own name.

YBS also considered Mr M's allegation that the complaint form he filled in online didn't submit properly. YBS hadn't found Mr M's complaint in its system and its customer relations had said they hadn't received one. But YBS accepted Mr M's explanation and thought the timeline was reasonable, so they paid him £25 for inconvenience

Mr M wasn't satisfied and contacted this service. He said he felt YBS should have protected him from sophisticated scams. He said that he'd transferred the disputed money from his crypto account to another crypto account. But he said scams work on the basis of having no option but to open another account. He wanted a refund for the money he'd lost.

Our investigator upheld Mr M's complaint. He said that although the amount of the £10,143 transaction wasn't out of character, it was the first payment Mr M had made to a crypto platform and we'd expect YBS to have made a tailored intervention. He thought Mr M should bear some liability, because:

- He'd responded to an advert on social media which had then been followed up using WhatsApp;
- A genuine company would have used a website, app or email;
- The wallet had been set up for Mr M rather than Mr M setting them up himself;
- Platform and phone numbers had changed, which should have caused Mr M concern.

The investigator concluded that YBS should pay Mr M half of £696.95. The investigator based this on the £10,413 payment on 20 December, reduced by the £9,446.05 credit on 24 December. This was because the investigator considered the 20 December payment hadn't reached Mr M's crypto account, so he thought Mr M's loss would have been £696.95.

YBS didn't agree. It said that:

- Mr M had initiated the transaction himself, to an account in his own name over which he had full control. It said any loss resulted from the volatility of crypto markets, not from any failure in YBS's fraud prevention systems;
- At the time of the transaction, the destination account had appeared to be a standard UK bank account. The banking services for the crypto organisation Mr M had used were provided by another bank, which operates hundreds of sort codes. So YBS said it couldn't have suspected from the sort code. YBS also said it wasn't flagged because it wasn't unusually high, or inconsistent with YBS's other security measures;
- It had been after Mr M's case that YBS had taken a policy decision to block all payments to crypto platforms. This couldn't be applied retrospectively;
- The other building society's decision to give Mr M a partial refund shouldn't impact YBS. The other building society's decision to block Mr M's later payments hadn't been because it was a crypto platform, but because the transaction was higher than Mr M's usual transactions. That didn't apply to the disputed YBS payment;
- The £10,143 hadn't been sent onwards from Mr M's crypto account to his cake wallet, and the loss was due to market volatility. It hadn't been fraudulent and Mr M had retained control of the money throughout.

So YBS said it had acted appropriately based on the information available at the time of the transaction. The loss incurred wasn't due to fraud or error, but to market volatility within a platform Mr M had chosen to engage with. YBS's evolving policy reflected a changing risk environment, not a retrospective correction. For these reasons, YBS said reimbursement wasn't appropriate in Mr M's case.

YBS asked 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.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

There are also codes, and rules, about scams. Even though the payment went from Mr M's YBS his account to another account in his own name (a "me-to-me" payment), there is guidance about a financial organisation's responsibilities about preventing scam payments. We'd expect financial businesses to recognise the patterns. The regulations and best practice guidance means that I think YBS should have been on the lookout for signs its customer was at risk from financial hard from fraud, and if so should have intervened proportionately. I've considered this further below.

The outcome therefore depends on whether YBS should have intervened when Mr M authorised the payment – and whether it would have made any difference if it had.

Was Mr M scammed?

YBS has argued that there wasn't a scam here. It said the loss arose from the volatility of the crypto markets.

I've considered whether the evidence indicates that Mr M was scammed. The evidence he sent us shows WhatsApp chats, which have multiple red flags in them. They aren't with a legitimate broker, regulated to advise UK clients. The emails from Cake aren't with the actual wallet provider, and the document from the scam company explaining arbitrage isn't correct. I appreciate that YBS didn't have sight of these documents at the time - but that's because it didn't intervene and ask for documents. I've considered below whether it should have done. But I accept that Mr M was scammed. It's likely that the scammers were posing as a real crypto exchange group.

Should YBS have intervened?

I've considered whether YBS should have blocked the £10,413 payment, and raised tailored queries with him before allowing the payment through.

I've seen statements which show that Mr M opened the account in September 2024. In autumn 2024 there were credits totalling £21,000 and a £15,000 external transfer to an account in Mr M's own name in late November 2024. There was then the disputed £10,143 payment on 20 December. So I can't say that the amount of the payment alone should have triggered YBS intervention solely on the grounds of the amount being unusual for Mr M's account.

However, the disputed payment was going to a crypto account. YBS said it couldn't have known this, because the number of sort codes which the recipient crypto organisation had. YBS said that it can only restrict payments to crypto firms by manually adding sort codes to its controls as and when it becomes aware of them.

Knowledge about crypto recipient organisations is increasing all the time, and YBS's current policy of blocking all payments suspected of going to crypto organisations means that there

might have been a different outcome if the transaction had happened since YBS started that policy. I also consider that YBS should have been able to recognise this sort code was crypto related. It's been the relevant crypto company's client account sort code for many years, and is publicly available. The crypto company also has an account with a payment company, which financial businesses should know. The exchange used here is one of the largest crypto exchanges. Financial businesses would have seen lots of transactions go to one of these accounts, and some would have been involved in fraud.

So I think it's reasonable to say that YBS should have known the payment was going to the crypto firm's account. Therefore due to the size of payment going to a crypto exchange, which was uncharacteristic for the account, YBs ought to have been on notice Mr M was at enhanced risk of being scammed. So I consider it should have intervened to block the payment at the time it went out on 20 December 2024. In the circumstances here, I consider that an appropriate intervention would have been contact by a member of staff, making enquiries about the purpose of the payment; how Mr M had set up the crypto account; why Mr M had chosen the crypto recipient; what services he was using; whether anyone had advised him to make payments this way; and what he planned to do with the money when it was in his crypto account. It would also have included asking whether anyone had advised him to make the payment; where he'd come across that person; what returns he was expecting; whether he'd received any paperwork; and what Mr M's understanding was about how the investment worked.

Would intervention by YBS have made a difference?

I've gone on to consider whether it's more likely than not that Mr M would have gone ahead anyway with the payment, even if YBS had made a suitable intervention in December 2024.

A key factor here is that only four days later, Mr M withdrew £9,446.05 from his crypto account, which credited his YBS account. This indicates that he was already having doubts himself about whether he was being scammed. Some of the chat transcripts provided by Mr M also indicate that he was having doubts. I appreciate another building society had already warned him it was scam, but it hadn't fully explained why that was case, so I think a clearer explanation would have worked. Particularly given the payment sent from YBS was to pay to prove liquidity, which could have been easily disproved as a legitimate request. I consider Mr M would have been honest about what he was doing (as he been with his other account provider), and the probing from YBS would likely have prompted him to carry out the research that revealed it was a scam shortly after this.

So I consider it's more likely than not that Mr M would have taken heed of any properly tailored questioning by YBS, and would not have made the £10,143 payment on 20 December 2024.

As Mr M retrieved £9,446.05 of this payment, through being able to cancel the withdrawal, the loss as that could have been prevented through proportionate intervention was £696.95 (made up of charges and loss through exchanging).

How should liability be apportioned?

I've thought about whether Mr M should bear any responsibility for his loss, factoring in what the law says about contributory negligence and what would be fair and reasonable overall. Having done so, I find that liability for Mr M's loss should be shared equally between YBS and Mr M.

I've explained above that I find YBS should have intervened effectively at the time of the 20 December payment. But I find that Mr M is liable for half of the loss because:

- The other building society had intervened and discussed the same recipient with Mr M, and whether it was a scam. Although in some ways that might have been explained more clearly, there were many aspects about the warnings he'd been given, which should have resonated with his circumstances;
- The final payment request was for a very large amount, and the reason given for it – that he had to prove liquidity in order to receive a payment - should have struck Mr M as odd. So he shouldn't have accepted that at face value. He did later realise this and research it, but he should have done so before he approved the transaction;
- Throughout the period of the scam, the advisor changed platforms and phone numbers – and a legitimate firm wouldn't typically make changes like that as regularly. That should have aroused suspicion.

I find that all of these things should have caused Mr M concern and should have prevented him from going ahead. I've considered his circumstances, and what he's told us about being more susceptible to the scammer's manipulation at that time, but I still find there were steps that he should have taken to protect himself. As both parties have equally contributed to the loss, I've decided they should share the cost.

So I order YBS to pay Mr M 50% of his loss, ie £348.47, plus interest. As the complaint was referred to us before 1 January 2026, the relevant calculation of interest is 8% simple from 20 December to the date of payment.

Finally, I have also considered YBS's handling of Mr M's complaint. YBS has apologised and compensated him for mistakes in its handling of his claim, and I do not award anything further for this.

My final decision

My final decision is that I uphold this complaint. I order Yorkshire Building Society to pay Mr M:

- £348.47, representing half of his loss resulting from the payment on 20 December from his YBS account; plus
- 8% simple interest yearly, calculated from 20 December to the date of payment.

If Yorkshire Building Society deducts tax from the interest on the award, it should provide Mr M with a tax deduction certificate to show how much it has deducted, in order to allow Mr M to reclaim the tax from HMRC if appropriate to his personal circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 April 2026.

Belinda Knight
Ombudsman