

The complaint

M complains that The Co-operative Bank Plc (Co-Op) won't refund money it lost to a scam.

Mr A is the director of M. M and Mr A are represented by a firm. For ease, I have mostly referred to Mr A in my decision.

What happened

The background to this complaint is well known to both parties so I won't repeat it in detail here. Mr A made the following payments as a result of a cryptocurrency investment scam.

	Date	Type of Transaction	Amount
1	22 August 2023	Bank Transfer to R	£9,000
2	01 September 2023	Bank Transfer to R	£14,535
3	13 September 2023	Bank Transfer to R	£12,750
4	14 September 2023	Bank Transfer to R	£250
5	14 September 2023	Bank Transfer to R	£1,150
6	26 September 2023	Bank Transfer to R	£13,200
7	17 October 2023	Bank Transfer to R	£21,250
8	25 January 2024	Bank Transfer to Crypto	£4,000 – Refunded

Mr A received a message from an individual he did not know and after some discussion they introduced him to a cryptocurrency investment opportunity. Several payments were made to another business account M held with a firm I'll refer to as R, before the funds were used to purchase cryptocurrency and sent on to the scammer. He said that when he could not make any further payments to the investment the scammer stopped contact. Mr A realised it had been a scam and raised the matter with Co-Op, but it did not refund the payments made to R. However it refunded the final payment of £4,000 made directly to a cryptocurrency platform so I have not referred to it in this decision.

Unhappy with the outcome, Mr A referred the complaint to our service. Our Investigator didn't think the complaint should be upheld. She thought Co-Op ought to have identified that Mr A was at risk of financial harm from fraud and done more to establish the circumstances surrounding the payments. However our Investigator thought Mr A would have still wanted to go ahead with the payments even if it had done so.

Mr A didn't accept our Investigator's opinion and as such, the complaint has been passed to me for a 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 done so, I agree with the outcome our Investigator reached for the following reasons:

Taking into consideration the relevant regulatory rules and guidance, codes of practice and good industry practice, Co-Op should have looked at the wider circumstances surrounding the transaction before making the payment and taken steps to keep its customer's accounts safe. Therefore, it ought to look out for payments which might indicate that its customer is at risk of financial harm due to fraud.

Although the payments were to an account in M's name, Co-op ought to have been aware of multi-stage scams and been on the lookout for the risk of fraud or a scam even where funds are initially sent to another account in the customer's name. I find the payments significantly out of character and unusual when considering M's historic account activity. The payments were significantly higher than previous payments out of the account. Considering this, I think it ought to have been concerned that M might be at an increased risk of financial harm due to fraud. An appropriate response to the risk posed would have been to direct Mr A to discuss the payments with a member of staff in order to establish the circumstances surrounding them. However Co-Op has not shown that it intervened in any of the payments to R.

I have considered whether Co-Op would have been able to prevent the scam had it intervened as described above and I don't think it would. Mr A was advised by the scammer not to reveal the true purpose behind the payments if questioned. They discussed specific responses he would give should the bank enquire about the payments. Mr A was convinced to take out several loans to finance the scam investment and told us he gave incorrect information to lenders about what the money would be used for under the guidance of the scammer.

Mr A received a tailored written warning about investments scams from another bank which I think ought to have resonated with him, but he opted to proceed with the investment. He initially made payments from an account held with another bank I'll refer to as W. W closed his account and while it did not give definitive reasons for doing so, he thought it was likely to be linked to his cryptocurrency transactions. Mr A then decided to use his Co-Op account to make payments and then subsequently from an account held with a third bank.

Although I agree Co-Op should not take a customer's answers at face value, I find Mr A was determined to make the payments, he was aware that his banks were concerned they may be linked to a scam, yet he willingly agreed to mislead them in order to ensure they would be processed. It is clear from his conversations with the scammer that Mr A had built a relationship with them and trusted the individual, he had developed strong feelings for them and was investing further funds in order to please them. It follows that had Co-Op intervened and questioned Mr A about the payments, as I think it should have done, on balance I think it is unlikely to have uncovered the scam. Even if Co-Op were to have stopped payments all together, I find it likely that Mr A would have found alternative means of making these payments. As such, I can't fairly or reasonably hold Co-Op responsible for the loss.

The payments were sent to an account in M's name and under Mr A's control, we are also aware that the funds did not remain in this account but were sent on to the scammer. As the only recourse for recovery would be a request to R for the funds to be returned from the recipient account, I do not find that there were any prospects of recovering the money that's been lost.

I've thought carefully about everything that's happened and I appreciate that Mr A and M have been victims of a cruel scam and the loss is significant. But I cannot fairly or

reasonably hold Co-Op responsible and tell it to reimburse M's money.

My final decision

For the reasons outlined above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 1 December 2025.

Oluwatobi Balogun
Ombudsman