

The complaint

C's director, Mr P, complains that Cater Allen Limited failed to protect it from losing funds to a scam.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

C is a limited company and its company director, Mr P, has explained that in October 2023 he found information on cryptocurrency investments via an online platform I'll refer to as L. Mr P was contacted by agents who worked for L and given instructions on how to make an initial payment of \$250 to its online trading platform.

After what appeared to be early success with the initial investment, Mr P says he was convinced to invest larger sums with L. Mr P says he was sent a link that was used to make debit card payments from C's bank account to a currency exchange I'll refer to as E then sent to L. Mr P made an initial payment of £4,000 on 11 October 2023 from C's business account. Later the same day, Mr P made another payment from C's account, this time for £1,000.

Cater Allen stopped the £1,000 payment and called Mr P on C's behalf. Cater Allen's agent checked Mr P's identity and asked whether he'd made and authorised the payment. Mr P confirmed he made the payment and the agent attempted to authorise it. When it wasn't possible to complete the payment, Mr P was told he could attempt it again after a few minutes. When Mr P attempted the £1,000 payment again it was authorised.

Mr P went on to make a debit card payment of £5,000 on 23 October 2023 from C's account. The payment was authorised without intervention from Cater Allen.

Mr P continued to use the investment platform and the funds he invested appeared to have received a substantial profit. In July 2024 Mr P contacted Cater Allen and raised concerns he'd been scammed and lost the funds invested with L. C's representatives also raised a complaint with Cater Allen and said it had failed to protect it from falling victim to a scam.

Cater Allen issued its final response on 1 July 2024 but didn't uphold C's complaint. Cater Allen said it was up to Mr P to complete due diligence checks before proceeding with the payments. Cater Allen added that its agent contacted Mr P on C's behalf on 11 October 2023 and he confirmed the payment was genuine. Cater Allen didn't agree to refund C's losses and didn't uphold its complaint.

An investigator at this service looked at C's complaint. They noted Cater Allen had called Mr P after the second payment he attempted on 11 October 2023 and checked it was genuine. The investigator wasn't persuaded that a more in depth intervention involving open and probing questions would've prevented Mr P from making the payments from C's account for investment in cryptocurrency. The investigator also said that a chargeback claim wouldn't have been successful as the rules don't cover scams.

C's representatives asked to appeal and said Cater Allen had missed an opportunity to uncover the scam by failing to ask probing questions about the payments Mr P tried to make. C's representatives said that if Cater Allen's agents had asked about the purpose of the payment and identified it as being for cryptocurrency investment it could've then provided some targeted information about common scam features that would've led Mr P to realise the payments weren't genuine and declined to proceed further. As C's representatives asked to appeal, its complaint has been passed to me to make a decision.

What I've provisionally 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've taken the step of issuing a provisional decision as while I agree with the overall outcome reached by the investigator I've reached my decision for different reasons.

I need to start by noting that there's an issue here to do with the party that has suffered a financial loss as a result of the payments made from C's business account with Cater Allen. Mr P is the director of C, a limited company. But C is a separate legal entity to Mr P. Here, C is the complainant as the customer of Cater Allen and the owner of the account the payments were made from. The complaint is made on the basis that C suffered a loss due to being the victim of a scam. But that's not what the evidence on file shows.

I've reviewed Mr P's dealings with L, the party the payments made from C's bank account were sent to. When Mr P signed up with L on 5 October 2023 he provided his personal details, including his name, date of birth, address, profession and income. Mr P also said he wanted to invest with the aim of paying off a mortgage. There is no reference in the sign up information Mr P provided that shows C was the intended investor or that he intended to invest on its behalf. I'm satisfied that when the investment attempts were made, they were done so on the basis Mr P was doing so in his personal capacity. I haven't seen anything that shows C was party to the investment opportunities Mr P wanted to take.

The issue here is that whilst the payments were from C's business bank account, there's no evidence they were made on its behalf or that it was investing with L. As I've said, the evidence on file shows the investments Mr P was hoping to make were intended to be set up in his name, not C's. The payments had the effect of withdrawing an asset from C for Mr P's personal use.

Whilst I'm not disputing what Mr P's told us about being the victim of scammers, I can't award compensation to C for his personal losses. I can only uphold a complaint and award compensation to C if I'm satisfied it has suffered a loss as a result of an error or mistake by Cater Allen. And, as I've said above, I'm satisfied the payments Mr P instructed on C's behalf were made on the basis he was investing in his personal capacity. It follows that losses Mr P incurred as a result of being scammed were in his personal capacity, not losses suffered by C – the complainant in this case.

As I haven't seen any evidence that persuades me C has suffered a financial loss as a result of the way Cater Allen authorised payments from its account, I can't tell it to refund the payments in question. Ultimately, that means I'm unable to uphold C's complaint.

I understand C's representative's point that during the call Mr P had with Cater Allen on 11 October 2023 no questions about the specifics of the payment he was attempting were asked. And no information or warnings about common investment scams were provided by Cater Allen that could've helped Mr P decide whether to proceed or not. But, even if I were to accept the call handler from Cater Allen should've gone further by asking questions and

providing scam warnings, we still reach the same position in that there's no loss to C. And, for the reasons noted above, I can't tell Cater Allen to compensate C for Mr P's personal loss as a result of being scammed.

I'm sorry to disappoint Mr P but as I've seen no evidence that C suffered a financial loss as a result of the way Cater Allen approved payments made on 11 October 2023 and 23 October 2023 I'm unable to uphold its complaint or award a refund.

I invited both parties to respond with any additional information or comments they wanted me to consider before I made my final decision. Cater Allen responded to say it had nothing further to add.

C's representatives responded and said it's a normal business practice for a sole director to set up an investment for business purposes in their personal name. C's representatives said that the reason given for the investment (paying off a mortgage) didn't conclusively show the investment was made on a personal basis. The representatives also pointed out the funds were paid directly from C's business bank account, not a personal account in Mr P's own name.

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'd like to thank both parties for their responses. I've considered what C's representatives have said and reviewed the available information again but haven't been persuaded to change the conclusions I reached in my provisional decision. I'll explain why.

Whilst I note C's representative's comments I haven't seen anything in the evidence supplied that shows Mr P was investing on the business' behalf. I've gone back to review the information Mr P provided to L in October 2023 when he signed up to invest. Mr P provided his name, the name of his bank (not Cater Allen which C's business bank account is held with), profession, monthly income, savings (not business assets), date of birth, marital status and nationality. The reason for investing was noted as "paying off mortgage". I haven't seen anything in the information Mr P supplied that would've indicated he was intending to invest on C's behalf of that it was for business purposes. The information available only shows Mr P was investing in his personal capacity.

I accept the payments were made from C's business bank account but any withdrawals Mr P made for his personal income as director would've come from that account. And I think the fact Mr P gave a different business' name when asked who he banked with also shows the investment wasn't intended to be held in C's name.

I'm very sorry to disappoint Mr P but I haven't been persuaded there are grounds to change the conclusions I reached in my provisional decision. For the reasons given above and in my provisional decision I remain of the view that whilst the payments in question came from C's business bank account, they were made on the basis of an investment opportunity Mr P was making in his personal capacity, not on its behalf. As I haven't seen evidence that shows C suffered a financial loss as a result of the payments made from its business account I'm unable to uphold this complaint.

My final decision

My decision is that I don't uphold C's complaint.

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

Marco Manente
Ombudsman