

The complaint

Mr M complains about the actions of Northern Bank Limited trading as Danske Bank when he lost money to a scam.

Mr M is being supported in making the complaint by a representative, but for ease I'll only refer to Mr M.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Around November 2023 Mr M's wife found details on social media of a representative who introduced himself as an estate planner for a merchant (scammer) – I'll refer to here as L. The representative was invited to Mr M's home where they discussed a nest-egg investment linked to Mr M's will and providing Power of Attorney (POA). Following a discussion, Mr M agreed to invest £10,000 by cheque with the investment being available to him with 90 days' notice. In total Mr M believes the representative had up to six visits at his home between November 2023 and January 2024.

Mr M thought he had been scammed when he lost contact with the scammer. So, he made a claim to Danske for his money. Danske considered the claim and said it wouldn't provide a refund. As a result, he brought his complaint to this service.

Our Investigator didn't think the complaint should be upheld because she didn't think Danske could reasonably have uncovered the scam.

Mr M disagreed and asked for an Ombudsman's review. He said that Danske should've done more to intervene and if it had he would've listened to many warnings it provided.

I was allocated the complaint and was minded to uphold it in part. I said that Danske should've intervened further and if it had it would've uncovered red flags that would've reasonably pointed to Mr M more likely than not falling victim to an investment scam. But I felt Mr M should also take responsibility for what happened here (50%) with Danske adding 8% simple interest per year to the settlement from the date of the payment to the date of settlement.

Danske disagreed but said it would be willing to offer Mr M 50% of his loss - £4,838.50 but without the 8% simple interest. Mr M didn't accept that offer and asked for the 8% interest to be added to the overall redress. But Danske said it wasn't prepared to make the full offer I'd outlined. It said that it felt this was a civil dispute and that any intervention wouldn't have uncovered the scam.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I've reviewed all the evidence, and I'm satisfied that Mr M was the victim of a scam here. There's been a variety of cases that have subsequently appeared online and in the media that L were scammers who were defrauding customers out of their life savings at a vulnerable age. The bank that held the account of L has also confirmed to this service that it has received multiple scam claims and closed the account of L as a result of L running investment scams.

I note that credits were received but it's not uncommon for scammers to provide small credits in returns to customers when running a Ponzi-scheme to give the impression that they are running a legitimate business.

As a result, I'm satisfied on balance that L's intention was to dishonestly deceive Mr M into departing with his money.

The starting position in law is that Mr M is responsible for transactions he's carried out himself. Mr M doesn't dispute that at the time, he intended to make these cheque payments, albeit in the belief he was investing in a legitimate scheme. Danske's primary duty here was to process his instructions without delay.

However, taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I'd expect Danske to have been on the lookout for out of character or unusual transactions, as well as other indications that its customer might be at risk of financial harm from fraud or scam.

Cheques are governed by long standing banking rules under the bills of Exchange Act 1882, which say Danske is obliged to honour a validly drawn cheque unless, at the time, it was clear that there was a permissible reason for it not to. Examples of this are forgery or insufficient funds. There was nothing about the physical cheque that ought to have given Danske cause for concern. It was correctly authenticated, and funds were available in Mr M's account.

Turning to whether Danske ought to have intervened at the time. I think it's important for me to say that there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Arguably every payment processed could potentially be fraudulent, and it wouldn't be reasonable to expect a bank to stop and check every payment it processes. So, my key consideration here is: was the disputed payment unusual, uncharacteristic and / or suspicious enough to say that Danske reasonably ought to have had concerns, and that it should have intervened?

I note Mr M had made a £10,000 payment on 01 March 2023, so he had made large payments before of a similar size from his account. I can see Danske attempted to call Mr M to speak to him but when it wasn't able to get hold of Mr M it sent a secure message to ask him if he wanted the payment to be sent and to confirm the payee. But no further questions were asked. I accept this was a cheque and not an APP payment. But it didn't ask any further questions of Mr M about his reasons for the payment - which I think it reasonably should've given it reached out to him before agreeing to make the payment in line with his instructions.

If Danske had asked to speak to Mr M over the phone in the secure message to discuss the payment it could've asked some probing questions and it would've uncovered that Mr M had found the scam merchant on social media and that it was offering him an investment that returned 7.5% as well as providing a Power of Attorney service. It's likely that Mr M would've mentioned that a representative had come to his house and spoken to him about the investment. From looking at the initial brochure provided to Mr M, it doesn't refer to the investment being regulated nor does it refer to a regulated firm reviewing the investment on its behalf. There was no reference to Mr M obtaining further financial advice about the investment either to check its suitability. And I note that Mr M was assured that the interest on the investment would never drop and was guaranteed which I think Danske should've reasonably considered to be red flags.

To be clear, Danske doesn't have to be 100% certain that a scam is taking place. But it should pick up on red flags and provide investment scam warnings about potentially fraudulent payments of which it has reasonable concerns about. I've also considered the FCA's Consumer Duty that was relevant to the date of this payment, which asks regulated firms to be mindful of not causing foreseeable harm to its customers. So, I think if Danske had spoken to Mr M about common investment scams and warned him about this opportunity (it being unregulated, found on social media, no investment is guaranteed and the importance of obtaining regulated financial advice), these could have been useful bits of information to refer Mr M to and to check.

I also note that a quick check on Companies House would've alerted Danske Banke to the fact that L offered funeral planning and related services instead of investments (as it said in its submission to this service) which would've been a further red flag. It also would've quickly seen that the company was dormant at the time the payment was attempting to be made by Mr M. I note Danske has subsequently argued that there was activity on Companies House – but when a company is registered as Dormant this means it isn't currently or actively trading which Danske's trained fraud handlers would be more likely aware of than Mr M. Yes, it has some basic reporting with HMRC but only because that's a legal requirement not that this means - as Danske has said – that 'business activity is taking place'.

The above persuades me that there were sufficient red flags for Danske to have provided investment scam warnings to Mr M about this opportunity. And that it could've warned him about the information it could reasonably have discovered on Companies House. Given this, I think Mr M would've listened to those warnings and found the information on Companies House concerning. He hadn't been given any coaching by the representative or a reason to distrust Banks here. So, I think he would've likely conducted further research and reached out for further financial advice on this opportunity. Ultimately, I don't think Mr M would've continued to risk losing all his money on this opportunity and wouldn't have continued with the payment.

However, I think that Mr M should take some responsibility here. Despite saying he had conducted his own research into the opportunity I don't think it would've been difficult for him to have seen the discrepancies on Companies House about the scam merchant being dormant at the time and not offering investments. He didn't obtain any further advice on the opportunity and was happy to pay the £10,000 after the first face-to-face discussion with the scammer. So, I think he should share responsibility (50%) here with Danske for his loss. As there were things he could've reasonably done that could've also uncovered this scam.

Danske attempted to recover Mr M's money from the beneficiary bank but there were no funds to return which isn't a surprise given the time difference between the payment and when the scam was reported to Danske.

Putting things right

Mr M did receive some small returns from the scam – totalling £323. That leaves an outstanding loss of £9,677 with Danske sharing 50% responsibility for that, meaning it should reasonably refund Mr M £4,838.50. Danske should also add 8% simple interest to that amount from the date of the payment to the date of settlement.

My final decision

My final decision is that I uphold this complaint in part. Northern Bank Limited trading as Danske Bank must do the following;

- Pay Mr M £4,838.50
- And 8% simple interest per year to that amount from the date of the payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 February 2026.

Mark Dobson
Ombudsman