

Complaint

Mr and Mrs H complain that the Co-operative Bank Plc (“the Co-op”) didn’t reimburse them after they reported falling victim to a scam.

Background

In 2019, Mr and Mrs H decided to invest with a company I will refer to as Company N. The investment appears to have related to property and, according to their representatives, Mr and Mrs H were assured the investment was secure because it was asset backed. They were interested in investing and so transferred £20,000 from their account with the Co-op. In return, they became the holders of a bond that they were told would pay a return of 12% per year over a period of two years.

Company N has since entered administration. Concerned that they may have been the victims of a scam, Mr and Mrs H contacted the Co-operative Bank and asked it to investigate. The bank looked into the matter but declined to refund the payments.

Mr and Mrs H were unhappy with that response and so they brought their complaint to this service. An Investigator considered the complaint but didn’t uphold it. Mr and Mrs H disagreed with the Investigator’s assessment, so the complaint has now been passed to me to review and issue a final decision.

Findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

As a starting point, the legal position is that a firm is generally required to process payments and withdrawals authorised by its customer, in line with the Payment Services Regulations 2017 and the relevant account terms and conditions. It’s accepted that the disputed payments were authorised, so the Co-op is presumed to have acted correctly at first instance.

However, that is not the end of the matter. Good industry practice requires firms to monitor account activity for transactions that appear unusual or out of character and which could indicate a risk of fraud. Where such concerns arise, I would expect the firm to take reasonable steps to protect its customer. This could include issuing a clear warning during the payment journey or contacting the customer to understand the circumstances behind the transaction.

Those expectations are only relevant, though, if I am persuaded that Mr and Mrs H did in fact fall victim to an authorised push payment (APP) scam. The threshold for establishing fraud is a high one. While criminal proceedings require proof “*beyond reasonable doubt*” this service applies the civil standard of the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high: it is not enough for fraud simply to be a plausible or persuasive explanation, nor is it sufficient that it appears the most likely among several possibilities. It must be more probable than the alternative conclusion – i.e. that fraud did not occur.

Unfortunately, Mr and Mrs H have provided very limited evidence to support their position that they were the victims of an investment scam. Their representative has said that the

Financial Conduct Authority issued a warning stating that Company N was fraudulent. But the example provided does not say that. Instead, it warns investors in Company N to be alert to the risk of fraudsters contacting them claiming they can help recover their funds.

Although Company N has since entered administration and is unlikely to have sufficient assets to repay all investors, that does not, in itself, mean that the company was fraudulent from the outset. It seems just as likely that it was a legitimate company that failed for other reasons.

Mr and Mrs H's representatives have argued that it's wrong to say that this was a typical investment loss and that investors "*were not informed that they were taking speculative development risk; rather, they were told their capital was guaranteed and secured.*"

I don't know how this investment was explained to Mr and Mrs H. But this argument seems to focus on the possibility that they were misled as to the risk associated with it. Unfortunately, while the Co-op would've been expected to take proportionate steps to protect Mr and Mrs H from the risk of fraud, it wouldn't have been expected to protect them from investing their money in something that was high risk. Their representatives have said that these assurances regarding the secure nature of the investment were false, but it's difficult to attach much significance to this in the absence of any evidence to back up the claim that those assurances were given.

None of what I have said should be interpreted as a definitive finding that Mr and Mrs H were not the victims of an APP scam. It is possible that they were. But for the avoidance of doubt, it is for them to demonstrate, on the balance of probabilities, that they suffered a financial loss due to such a scam. Based on the evidence currently available, I'm not persuaded that they have done so.

I recognise that the situation may change. If further evidence emerges suggesting that this was an APP scam, Mr and Mrs H may provide that to the Co-op and ask it to reconsider their claim. If they remain unhappy with its response, they may be able to bring a new complaint to this service.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 28 April 2026.

James Kimmitt
Ombudsman