

The complaint

Mrs T complains that Yorkshire Building Society ('Yorkshire') won't refund the money that was lost as a result of an investment scam. She's being supported by a representative. To keep things simple, I'll refer to Mrs T throughout this decision.

What happened

The background to this complaint is known to both parties, so I won't repeat all the details here.

In summary, Mrs T says that following her husband's retirement they made a lump sum payment into her Yorkshire savings account and decided to invest in fixed-rate bonds. Two transfers, one for £20,000 on 29 June 2020 and one for £30,000 on 1 July 2020, were then sent from her Yorkshire account to what they genuinely thought was her husband's newly opened investment with a company called Aberdeen Standard Investments.

An application process had been completed, emails were exchanged, and product literature was provided at the time. But they later discovered, in July 2022, that Aberdeen Standard Investments was in fact a scam company acting as a 'clone' of a legitimate firm authorised by the Financial Conduct Authority. The scam was also reported to Yorkshire in July 2022.

A complaint was raised and referred to the Financial Ombudsman in August 2022. Our Investigator reviewed Mrs T's complaint and didn't uphold it. In his view, the payments wouldn't have appeared as unusual and, because there had been no interaction between Mrs T and Yorkshire, he couldn't find that it had missed an opportunity to prevent the scam. He was also satisfied that Yorkshire had taken steps to recover the money once it was made aware of what had happened and that, by that time, there were no funds to be recovered.

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've reached the same conclusions as the Investigator for the reasons set out below:

- It's common ground that Mrs T was the victim of a scam and I'm sorry to hear about the money that's been lost. I realise this whole experience has been upsetting for both her and her husband. There's also no dispute that Mrs T authorised the payments she made from her account and, in general, the starting position is that she's presumed liable for those losses in the first instance. That is the case even though I fully appreciate Mrs T had no intention of sending money to a scammer.
- There are, however, some situations where I consider that a business, taking into account relevant rules, codes and best practice, should reasonably have taken a closer look at the circumstances of a payment if, for example, it's particularly out of character. In this respect, I've thought carefully about Mrs T's overall account activity,

but I don't think either of the disputed transfers should have stood out as unusual or suspicious to the extent I can fairly conclude that Yorkshire should have intervened. Like the Investigator, I can see several transfers were made in the months preceding the scam (including external ones for £30,000, £40,000, and £50,000 in June, May and March 2020) and I don't find there were any other significant factors about the disputed payments that would have signalled a heightened risk of a scam.

- I'm not persuaded by the suggestion that a lack of intervention by Yorkshire on any payments (genuine or otherwise) necessarily shows a degree of negligence here. It's important to note that Yorkshire can't reasonably be expected to intercept and question every transaction, particularly if it wouldn't seem unusual when compared to the account history. It's also important to note that, in the absence of an intervention, I don't think that Yorkshire would have reasonably known anything about the payee that should have alerted it to a scam.
- In terms of Yorkshire's responsibility to recover the money, I've seen confirmation that the recipient account was closed in August 2020 with no funds remaining. The scam was only discovered, albeit understandably, about two years later. There was therefore little more Yorkshire could have done at the point.

I know this will come as a disappointment to Mrs T and I'm mindful of how much this scam has impacted her and her husband both financially and emotionally. However, I don't consider it'd be fair or reasonable to hold Yorkshire liable for the loss in the circumstances.

My 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 Mrs T to accept or reject my decision before 8 November 2023.

Thomas Cardia
Ombudsman