

The complaint

Miss R is a director of a limited company 'D'. She complains on D's behalf that Advanced Payment Solutions Limited trading as Cashplus (Cashplus) didn't do enough to prevent the loss D suffered when it was the victim of a safe account scam.

The complaint has been brought to our service with the help of a representative. But for ease of reading, I'll mostly just refer to Miss R, where I mean her company D, and I'll ascribe the representative's comments to Miss R herself.

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. In April 2022 Miss R was sadly the victim of a safe account scam. She was contacted by scammers who were impersonating her own bank 'T'. The number they called from appeared to be the same as the genuine number for T which added to the credibility of what the scammer said. Ultimately, Miss R was tricked into making two payments from D's account with T to the account details provided by the scammer (which was an account held with Cashplus).

The payments were for £4,583.75 and £3,851.25, these both arrived in the Cashplus account at 1.31pm on 14 April 2022. Later the same day Miss R realised she'd been the victim of a scam and reported this to T. T in turn passed this on to Cashplus who said that by the time they'd been notified, no funds remained to be returned.

Miss R complained to both T and Cashplus and ultimately both complaints were considered by our service. One of my Ombudsman colleagues has already issued a final decision which didn't uphold the complaint about T. The complaint about Cashplus alleged that they'd failed when opening an account for a scammer and that they'd also failed to appropriately monitor the account. One of our Investigators considered this complaint and recommended it should be upheld. Whilst she didn't think Cashplus failed at account opening, she thought £5,685 of the loss was preventable. So, she asked Cashplus to refund this amount along with 8% simple interest.

Miss R accepted this outcome but Cashplus didn't. They asked for an Ombudsman to review the complaint. In October 2023 I issued a provisional decision in which I said:

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

I'm intending to reach a slightly different outcome compared to that of our Investigator. And as I'm also providing a greater level of detail, I'm issuing this provisional decision to give everyone a further opportunity to comment before finalising my decision.

Firstly, I agree with our Investigator that I don't think there were failures by Cashplus when opening the account. They couldn't reasonably have known, at that point, that the account would later go on to be used in connection with a fraud or scam. So I don't think Miss R's

loss was preventable in this way.

Cashplus' first obligation is to follow the instructions that their customers provide and to promptly execute payments. However, they are also obliged to be alert to potential fraud, scams and the misappropriation of funds.

When Miss R's money arrived in the Cashplus account, it started to be spent immediately. The payments entered and left the account in the following way.

Time and Date	Amount	Notes
1.31pm 14 April 2022	£4,583.75	Incoming Payment from Miss R
1.31pm 14 April 2022	£3,851.25	Incoming Payment from Miss R
1.32pm 14 April 2022	- £1,500	Outgoing payment to existing payee 'A'.
1.32pm 14 April 2022	- £1,250	Outgoing payment to existing payee 'A'.
1.32pm 14 April 2022	- £1,845	Outgoing payment to existing payee 'A'.
1.32pm 14 April 2022	- £2,100	Outgoing payment to existing payee 'A'.
1.32pm 14 April 2022	- £1,349	Outgoing payment to existing payee 'A'.
1.34pm 14 April 2022	- £390	Outgoing payment to existing payee 'A'.
7.39pm 14 April 2022	- £4	Outgoing payment to existing payee 'B'.

Cashplus should be monitoring their accounts. And I think the above activity would have appeared suspicious at the time. And whilst the value of the payments wasn't excessively high, it is the frequency and velocity of the payments leaving the account that ought to have been a red flag. That being many payments (the majority to the same payee) being made only seconds apart.

By the time Cashplus' customer instructed the payment for £2,100 at 1.32pm, I think Cashplus should have intervened in the account. I'd have expected the £2,100 to have been stopped and the account blocked. I'd then have expected Cashplus to have looked closely at the account and to have satisfied themselves that all was correct before allowing further payments to have been made. Upon a closer look, Cashplus most likely would have seen that their accountholder may not have been the intended beneficiary for Miss R's incoming payments. I say this as the nature of the scam and the information I've seen from Miss R's own bank indicates that she had put her own name down as the intended beneficiary. This would have added to the picture that the account might be being misused.

And ultimately, I don't think its likely the recipient accountholder would have been able to provide a satisfactory explanation before Cashplus were informed of the problem with the payments from Miss R (later the same day). Had this played out as I think it should, then £3,840 (£4,583.75 + £3,851.25 - £1,500 - £1,250 - £1,845) of Miss R's money would have remained in the account available for recovery. So, I think it would be fair and reasonable for Cashplus to pay this amount to Miss R.

I appreciate this is less than what our Investigator recommended. But given there were

previous payments between the Cashplus accountholder and the recipient of the outgoing payments, and the sums involved, I'm not persuaded its reasonable to have expected Cashplus to have intervened earlier than at the point I've set out above.

I also think that Cashplus should add 8% simple interest to this amount to be calculated between the date of loss and the date of settlement. This is to compensate D for being without that money that otherwise could have been put to use during that time period.

For completeness, I don't think there were any failures by Cashplus in relation to their recovery efforts. The above table makes clear that by the time they were on notice, the vast majority of the funds had already been moved on from the account. I've also considered whether Miss R ought to bear some responsibility for her own loss due to contributory negligence. But in the circumstances of this complaint, I don't think she should. All the evidence suggests that she was taken in by a convincing scam and put under time pressure to make the payments, believing at the time she was speaking to someone from her own bank. The fact that the scam was discovered soon after, doesn't change my mind on this point.

My provisional decision

For the reasons outlined above, but subject to any further information I receive from either D or Cashplus, I'm intending to uphold this complaint.

I intend to direct that Advanced Payment Solutions Limited trading as Cashplus pay D £3,840. And that they add 8% simple interest to this amount, to be calculated between the date of loss and the date of settlement."

Miss R (on behalf of D) responded to say she accepted my provisional decision. Cashplus didn't respond.

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.

As neither party had any further evidence or comments for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint and direct Advanced Payment Solutions Limited trading as Cashplus to pay D £3,840. 8% simple interest (yearly) must be added to this amount to be calculated between the date of loss and the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 14 November 2023.

Richard Annandale
Ombudsman