

The complaint

Mr L complains that the Co-operative Bank Plc (Co-op) didn't do enough to prevent the loss he suffered when he sent money to one of their accounts as the result of a scam.

Mr L has used a representative to bring his complaint. But for ease of reading, I'll mostly just refer to Mr L himself.

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 August and September 2020 Mr L made two payments to an account held with Co-op. The first was for £1,000 and the second for £74,000. Both payments came from Mr L's own bank which is based outside the UK. At the time he believed these payments to be towards a legitimate property investment. He initially received some modest returns, but these stopped and Mr L concluded he'd been the victim of a scam. His outstanding loss is around £71,000 which he is seeking from Co-op.

In late 2022 Mr L complained to Co-op. He alleged they'd failed when opening the recipient account and that they'd failed to appropriately monitor it. Co-op didn't think they'd done anything wrong and declined to pay any redress. The complaint was referred to our service and one of our Investigators didn't recommend it should be upheld. Mr L disagrees and has asked for an Ombudsman to review his complaint.

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 outcome as our Investigator and for largely the same reasons. I know this will be disappointing for Mr L, so I'll explain why.

Firstly, I accept that Mr L has been the victim of a scam. But being the victim of a scam doesn't automatically entitle him to a refund from the bank that received his funds. It would only be fair and reasonable for me to direct Co-op to do more if I think they are responsible for failures which caused or contributed to Mr L's outstanding loss.

I'm satisfied that Co-op followed its process and complied with its obligations when opening the account that received funds from Mr L. I don't think Co-op reasonably could have known at that point, that the account would go on to receive funds as a result of a scam. So I don't think the outstanding loss was preventable in relation to the opening of the account.

I can quite understand the argument made by Mr L about the larger of his two payments. He thinks the receipt and dispersal of such a large amount of money ought to have stood out to Co-op and that had they intervened, it could have prevented his loss. But each account is unique. And the account that received Mr L's funds was regularly used to send and receive

large sums of money. And this was in line with what was expected for an account of this type and the nature of the business concerned. And it is in that context, that I don't think the activity on the account was so unusual, out of character or potentially indicative of fraud where I'd have expected Co-op to have done more at the time. The arrival and spending of Mr L's funds continued the established pattern of account use.

I'm also satisfied that by the time Co-op were informed of a potential problem with that account, all of Mr L's money had already been transferred out. So, overall, I don't think there were any failures in relation to the monitoring of the account (or any recovery efforts) which impacted the loss suffered by Mr L.

I'm sorry to hear Mr L lost so much money. But as I don't think this is something Co-op are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 November 2023.

Richard Annandale
Ombudsman