

The complaint

A partnership which I will refer to as 'K', complains that The Royal Bank of Scotland Plc didn't do enough to prevent their loss as a result of a scam. In particular, they say that the bank shouldn't have allowed a scammer to open an account with it.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

Briefly, in February 2021, K made a payment of about £4,300 on an invoice which they believed was from one of their service providers. Unfortunately, unknown to them the invoice had been intercepted by a fraudster who had changed the payment details. As a result, the payment went to an account with RBS. The scam came to light when the person to whom the payment was to be made contacted K for not receiving the payment.

K informed their bank of the scam who in turn contacted RBS, but unfortunately by that time only a small amount remained the recipient's account, which was returned to K by RBS.

One of our investigators reviewed the complaint. They didn't think that K's loss was caused by any act or omission by RBS - either when the recipient's account was opened or subsequently when the funds were received or when responding to notification of fraud. So, they didn't think RBS had to compensate K for the loss. K did not agree.

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 agree with our investigator and for essentially the same reasons.

K has been the innocent victim here. So, I can see why they consider that RBS could have done more to help them.

However, from what I can see, there wasn't anything particularly suspicious about the customer's identity when the account was opened. It did later turn out that the customer was involved in a scam, but there isn't anything to suggest that RBS could reasonably have foreseen when the account was opened, that it would later be used to receive fraudulent credit.

Further, having looked through the account activity since the account was opened, I can't say that K's payment stood out as unusual or suspicious for the bank to have intervened. So, I can't fairly conclude that RBS missed an opportunity here to prevent K's loss.

Finally, by the time RBS was notified of the scam, their customer had already removed most of the money from their account. So, there wasn't much the bank could do to prevent K's loss. Nevertheless, I can see that the bank blocked the account as soon as it was advised of the scam, recovered what was available on the account, and following its investigation went on to close the account.

I am sorry to have to disappoint K. But I can only make an award against a bank if that bank has done something wrong, which has led to a loss. In this case, from what I've seen there hasn't been a failing by RBS which has resulted in K's loss. And as such I can't fairly or reasonably ask it to refund their loss.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 10 October 2023.

Raj Varadarajan
Ombudsman