

The complaint

Mrs N has complained, via a representative, that Currencies Direct Ltd ("CD") have failed to refund the money she lost as part of a scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mrs N in 2023 was purchasing a property overseas. She opened an account with CD to send the funds to the seller of the property.

She booked the Euros and the exchange rate on 22 March 2023. A payment of €250 was sent to her notary via an online payment from her CD account on 27 March 2023. The same day Mrs N sent a payment of €204,280 to the notary. Shortly after this Mrs N was contacted by a scammer that I will call B, stating that the incorrect account details had been used and she should send the funds to a different account.

Mrs N contacted CD and stopped the €204,280 payment during a phone call with CD. Mrs N then sent €204,280 to B. She also sent €250 and €33,142 to B on 29 March 2023 and 30 March 2023 respectively as well.

On 31 March 2023, Mrs N contacted CD as she realised that she had been sent a fraudulent e-mail from B and that she had been scammed. CD attempted to recover the funds from the receiving bank but was unable to recover the funds.

Mrs N raised a complaint via her representative and requested that CD refund her the transactions in question as she thinks that CD should have prevented the scam.

CD said that it provided warnings about this type of scam during a phone call on 23 February 2023 with Mrs N. They also said that each time Mrs N added a payee on her online account and each time she made a payment, she was displayed a warning in which she was told to verbally confirm the payee details with the recipient of the payments. So CD declined to refund the transactions.

One of our investigators looked into this matter already and she said that CD had provided enough warnings and therefore that it did not have to refund the transactions in question.

Mrs N disagreed and therefore her complaint has been passed to me to issue a decision.

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 the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mrs N authorised the disputed payments she made from her CD account. The payments were requested by her using her legitimate security credentials provided by CD, and the starting position is that CD ought to follow the instructions given by its customers, in order for legitimate payments to be made as instructed.

However, I've considered whether CD should have done more to prevent Mrs N from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance, on the face of it, the payments for €204,280 were unusual. But as CD were aware that the payments were going to be made to purchase a house and the currency exchange to facilitate this had already happened, overall I can't see why the payments should have been considered unusual given that CD was expecting them to happen. So I don't think that CD needed to intervene when the payments were made.

That said when Mrs N phoned CD to cancel the first payment, it is arguable that CD should have provided a further scam warning about the dangers of e-mails being intercepted and checking the payment details verbally. Firstly, I should say though that listening to the call, Mrs N did say her solicitor had told her that the payment details were wrong. This suggests that she had spoken to the solicitor directly, was confident that the instructions had come from her solicitor and they had confirmed the new payment details with them. I think it would have been different if she had said her solicitor had e-mailed her. But even if I thought a further warning should have been provided at this point, I need to consider whether this would have made a difference. I have carefully considered this and overall I don't think that it would have.

I say this because CD had already provided a number of warnings about this specific scam both verbally when her account was set up and online when the payees were set up and the payments were made. Given that these warnings did not cause Mrs N to verbally confirm the account details, I don't think that another warning would have persuaded her to do so.

I have thought about whether CD did enough to recover the funds once it was made aware of the scam. My understanding is that it contacted the receiving bank on the day it was made aware of the scam 31 March 2023 and it was unfortunately unable to recover the funds for Mrs N. In the circumstances I think that CD did all that it could to recover the funds, but if the funds were no longer in the receiving bank account (which I understand they weren't), then there is no longer funds for CD to recover. Also, CD are not part of the Contingent Reimbursement Model ("CRM") so it would not be obliged to reimburse Mrs N's losses. It is also the case that even if CD were part of the CRM, the CRM does not cover payments made to an overseas bank. So I don't think that CD could have recovered the funds via other means either.

I appreciate this will likely come as a disappointment to Mrs N, and I'm sorry to hear she has been the victim of a cruel scam. I appreciate that losing such a large amount of money will be very difficult for Mrs N. However, I can't reasonably say that CD can fairly or reasonably be held liable for her losses in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 12 June 2024.

Charlie Newton
Ombudsman