

## **The complaint**

Mr G complains that CB Payments Ltd trading as Coinbase hasn't protected him from losing money to a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr G has explained that in 2018 he was tricked by scammers into sending cryptocurrency through his Coinbase account for what he thought was a legitimate investment.

Mr G subsequently got in touch with CB Payments but they couldn't reach agreement about things, so Mr G referred his complaint about CB Payments to us. Our Investigator's view was that we could look into certain parts of Mr G's complaint, but not others; but that even on the parts of Mr G's complaint we could look into, he couldn't recommend that they should be upheld. Mr G disagreed, so the case has been passed to me for a decision.

I recently sent Mr G and CB Payments my decision on which parts of Mr G's complaint we can and cannot consider. Having done so, I am now ready to explain my final decision on the parts of Mr G's complaint we can consider.

## **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 materially the same conclusions and for the same reasons as our Investigator. That is, I've decided to not uphold this complaint. I'll explain why.

First of all, let me say, I have no reason to doubt Mr G has been the victim of a scam. He has my sympathy. Ultimately, however, Mr G has suffered loss because of fraudsters, and this doesn't automatically entitle him to a refund from CB Payments. I've already explained in my decision on which parts of Mr G's complaint we can and cannot consider why we don't have the power to look into Mr G's complaint about Coinbase Europe allowing him to send cryptocurrency to scammers – but only CB Payments' actions in providing Mr G with electronic money services.

I haven't seen any account opening evidence that makes me think CB Payments had any reason to think this was anything other than a legitimate application from Mr G to open a CB Payments account. Further I can't see any reason why I could reasonably say CB Payments ought not to have accepted the deposits at face value.

Still, in keeping with good industry practice, CB Payments should monitor its customers' accounts for activity that might suggest they are at risk of financial harm, including surveying account movements for transactions that are notably unusual or out of character. That being so, in some circumstances it should take additional steps, or carry out further checks, before processing a payment to help protect customers from the possibility of financial harm from

fraud. However, there's no expectation on CB Payments to intervene in each and every payment a customer makes. So, the key question in this case is whether the activity which did take place was so unusual and out of character that CB Payments ought to have been alarmed.

Since the account was opened, Mr G deposited funds which were then converted to cryptocurrency. This happened across various dates, with the only real pattern being a succession of deposits. This, in itself, is commonplace in the industry, given that trading is largely dependent on the market which often fluctuates. In other words, purchasing crypto in this fashion isn't irregular for an account of this nature, nor is the intermittent movement of funds into (and out) of the account. Indeed, a CB Payments account can only really be used for one purpose – to purchase cryptocurrency. Therefore, I must consider it would have been difficult for CB Payments to identify the activity here as being atypical or concerning.

What's more, I am satisfied that there wasn't any compelling reason for CB Payments to have been disconcerted about the opening of the account or the deposit of funds that ensued. It follows that, in the absence of any other cause for concern, activity of this nature is unlikely to stand out as being particularly unusual to CB Payments. It is also important to note that the purchase of cryptocurrency was, in effect, a transfer between two accounts in Mr G's name and, therefore, much less likely to be considered a real risk by CB Payments.

So, overall, I can't see sufficient reason why CB Payments should have been wary about the transactions carried out and I'm not satisfied it made a mistake by allowing them to proceed. Finally, there was no prospect of CB Payments recovering the funds for Mr G, as they were sent to anonymous blockchain addresses through the Coinbase Europe platform.

I know this will be disappointing for Mr G as he has lost a significant amount of money. But in fairness, I don't think CB Payments has acted unjustly by declining to reimburse him.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 November 2023.

Neil Bridge  
**Ombudsman**