

The complaint

Mr C and Mrs T complain that Dixipay Limited didn't do enough to prevent them losing money to a scam.

Some of the money lost to the scam came from a joint account between Mr C and Mrs T. But for ease of reading and as he's done the majority of the correspondence on the complaint, I'll mostly just refer to Mr C where I mean both him and Mrs T.

What happened

The detailed background to this complaint is well known to both parties. So, I will keep my summary of the background brief and focus on the reasons for my decision.

Mr C says he made payments to an account held with Dixipay. At the time he believed these to be funding a legitimate investment with a firm I'll refer to as 'B'. Mr C says he later learned that B were operating a scam when he was unable to withdraw his funds. In April 2020 he asked his banks to recall the payments he'd sent – no money was recovered. Mr C complained to Dixipay. He doesn't think they did enough to prevent his loss as they'd allowed scammers to open and operate an account. He also doesn't think they responded adequately to concerns raised by victims of the same or similar scams.

Ultimately Dixipay didn't offer any redress as they didn't think they'd done anything wrong. The matter was considered by our service and our Investigator didn't recommend it should be upheld. Mr C disagreed and asked for an Ombudsman to review his complaint.

In September 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.

Having done so, I'm intending to agree with our Investigator's outcome, and for essentially the same reasons. I know this will be disappointing for Mr C, so I'll explain why. And as I'm providing a greater level of detail, I'm issuing this provisional decision to give both parties a further opportunity to comment before finalising my decision.

Whilst Mr C believed he was paying B, his payments actually went to an account in the name of another business 'G'. In the circumstances here Dixipay were providing their customer 'G' with a payment service. G then had its own customers or clients. Dixipay aren't responsible for decisions or actions taken by G.

Dixipay have evidenced that they correctly followed their process when opening G's account. I don't think they reasonably could have known (at that time) that the account they were opening would later go on to be used in connection with a fraud or scam. So, I don't think Dixipay reasonably could have prevented Mr C's loss in relation to its opening of the account.

I've also reviewed the activity on the account both before and soon after the arrival and spending of Mr C's funds. Given the previous account history, I don't think there was anything so unusual in the account activity where I'd have expected Dixipay to have intervened or to have otherwise done more. So, again, I don't think it failed to appropriately monitor the account.

Mr C has evidenced that another victim had contacted Dixipay in July 2019 reporting a series of payments they'd made to the same account, as fraud. Dixipay have explained that when they receive a notification alleging fraud they pass it on to G. G would then provide a response directly to the client and share information with Dixipay. This is broadly what I'd expect in these circumstances and doesn't change my opinion as to whether Dixipay appropriately monitored the account. In the course of any business relationship there may be disputes and I don't think it was unreasonable for Dixipay to accept the evidence G provided showing a link between them and the party raising the dispute.

When Mr C reported his payments to Dixipay, documents were provided by G evidencing a link between them and Mr C. This included some of the identification documents Mr C had provided as well as a 'declaration of deposit' evidencing that the payment had been authorised. And in any case, I'm satisfied that by that point, all his funds had already been removed from the account, so there would have been nothing to return, even if Dixipay ought to have done more at that time.

Mr C has highlighted two other victims of the same scam, who he says have received redress from Dixipay and he questions why he hasn't been treated the same. This complaint is about the loss to Mr C. And what he is asking about here is a potential complaint from another party. He is also making assumptions as to where the funds for the other party's redress came from. I can only comment on Dixipay's actions as they relate to Mr C's complaint. And in that context, I'm satisfied that his funds had been sent on from the account by the time Dixipay became aware there was a problem with his payments. And Dixipay choosing to refund other victims is not a basis upon which I can fairly and reasonably ask them to refund Mr C.

Mr C has made much of the fact that Dixipay ended their business relationship with G and sent them a letter of termination on 22 February 2020. He believes Dixipay are at fault for allowing his payments to credit and be spent from the account (after the relationship had ended). I've seen the letter of termination from Dixipay to G. And I'm satisfied the reason given for termination wasn't because Dixipay believed G to be operating a fraud or scam (and that this isn't something they should reasonably have concluded). So due to this, I don't think it was wrong for Dixipay to follow their usual process of allowing payments to continue during a notice period following the notice of termination.

Mr C also says that G were linked to other businesses about whom there were warnings online and that Dixipay had previously ended their relationship with these other companies. He believes this means that Dixipay ought to have ended their relationship with G sooner. I'd generally expect Dixipay to monitor each of their customer accounts on an individual basis. I appreciate that G shared what appears to be the same serviced offices with the other companies. But each of these businesses is a distinct legal entity. And I don't think sharing the same offices was enough of a reason to expect Dixipay to also close G's account. I don't think Dixipay's decision to end their relationship with G at the time they did was unreasonable. I've not seen anything that persuades me that they reasonably ought to have acted sooner in relation to the account that received Mr C's funds (which was the one held by G).

I sympathise with Mr C being the victim of a scam. But as I'm not persuaded his loss is as a result of failings by Dixipay, there isn't a reasonable basis upon which I can direct them to do

more to resolve this complaint.”

Dixipay didn't respond to my provisional decision. Mr C provided a response which I'll address below.

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.

Mr C is clearly unhappy with the outcome of my provisional decision. And some of his comments relate to how he feels about the Financial Ombudsman Service. He says that any evidence seems to have “*gone into the bin*” and that the outcome is predetermined to be in Dixipay's favour. He has also highlighted his intention to pursue Dixipay in court if the provisional decision isn't overturned.

Mr C has also questioned the reasons why Dixipay ended their relationship with B and another business. Similarly Mr C wants our service to share information about who was behind these other accounts. He wants to know if B and G and another business had the same owners / directors. It seems there may be some misunderstanding as to the role of our service. We investigate individual complaints. We aren't here to investigate the wider activities and operations of Dixipay, that is the role of the regulator. I'm also not here to provide a means of disclosure for Mr C for the court action he later intends to take. I can only comment about the actions of Dixipay that arise from matters relevant to him having paid G's account and alleging that was as a result of a scam. And many of the points / questions Mr C has raised go beyond this and aren't something that I can help with or comment on.

Naturally, when deciding a dispute there is almost always going to be one disappointed party. And if Mr C doesn't accept my final decision, it won't be legally binding, and he is free to continue his dispute through other avenues as he's indicated he intends to. I'd like to reassure Mr C that I have considered all the available evidence, even though the conclusions I've reached differ to what he thinks.

Some of Mr C's submissions point out what he says are inconsistencies in what Dixipay have said. Presumably this is to question my reliance on the information they've provided to our service. I've considered this but I don't think that Dixipay's information (much of which is backed up with documentation from the time) should be treated as unreliable such that it impacts the outcome of this complaint.

Mr C reiterated his point about another person reporting a scam to Dixipay in July 2019. I've addressed this in my provisional decision above and don't have anything further to add on this point.

Mr C also said that he never had a relationship with G. He believed that he was paying B and that is who he dealt with throughout. I acknowledged this in my provisional decision. I also acknowledge that B did for a time have an account with Dixipay. But Mr C can only complain through our service about the account that he paid, which I'm satisfied was G's.

I accept Mr C's testimony that he sent his identification documents and declarations of deposits to B and not to G. But this isn't something I think Dixipay reasonably could have known when G presented the same documents to them. Again, I can't hold Dixipay liable for the actions of G. And I think it was reasonable for Dixipay to accept that documentation at the time.

Mr C has questioned why I haven't shared the specific reasons given by Dixipay for terminating their relationship with G. Just as a customer can choose with whom to have an account a business can make a decision as to whether to provide an account. And in the circumstances here I'm satisfied Dixipay exercised their commercial discretion when ending their relationship with G. The reasons for them doing so aren't something I'm going to share directly with Mr C beyond saying that I confirm that the reasons Dixipay provided weren't because they believed G to be operating a scam. Mr C says that the scammers clearly used multiple accounts with Dixipay, moving on to the next as each was closed. I accept it is possible this was the case. But I've seen nothing that persuades me it was unreasonable for Dixipay to end their relationship with G at the time they did or that they should have done so sooner and that this would have impacted on the loss Mr C suffered.

Mr C again points out that he paid Dixipay after they'd terminated their relationship with G. He wants to know how long the notice period was following the termination letter. This is information about Dixipay's processes and not something I think is relevant to the outcome of this complaint. I remain satisfied that when Mr C made his payments to G's account, it was still within the applicable notice period.

I've considered all Mr C has said but nothing has persuaded me to deviate from the outcome explained in my provisional decision. I'm sorry Mr C has an outstanding loss and I've no doubt he will remain dissatisfied with my decision. But as (within the context of my jurisdiction to consider this complaint) I don't think Dixipay are responsible for Mr C's loss, I'm not going to direct 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 C and Mrs T to accept or reject my decision before 6 November 2023.

Richard Annandale
Ombudsman