

## The complaint

Miss A complains that The Royal Bank of Scotland Plc (RBS) is refusing to refund her the amount she lost as the result of a scam.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Miss A was in contact with an individual (X) through a marriage website. After beginning to talk to X Miss A swapped contact information with them and started to talk via a popular messaging application.

After a short time, the conversation turned to investment and X explained Miss A could make money by investing. X explained that he worked with investments and could help Miss A pay off her mortgage. X was very persuasive and had similar religious beliefs to Miss A with she says made her trust him more.

X talked Miss A through the process of setting up a cryptocurrency account with Coinbase which Miss A had access to throughout the time she was investing. Miss A was then instructed to send funds from her Coinbase account to a trading website he had sent her the details of.

Miss A made the following transfers into the scam via her Coinbase and Binance accounts. I understand other payments were also made into the scam that RBS is investigating:

Date	Merchant	Amount
12 August 2022	Coinbase	£500
15 August 2022	Coinbase	£577.61 credit
15 August 2022	Coinbase	£3,000
15 August 2022	Coinbase	£2,000
16 August 2022	Coinbase	£2,000
16 August 2022	Coinbase	£3,000
17 August 2022	Coinbase	£2,000
17 August 2022	Coinbase	£2,700
17 August 2022	Coinbase	£300
18 August 2022	Coinbase	£2,000
18 August 2022	Coinbase	£3,000
19 August 2022	Coinbase	£1,500 credit
19 August 2022	Coinbase	£3,000
19 August 2022	Coinbase	£300
19 August 2022	Coinbase	£200
19 August 2022	Coinbase	£1,500
22 August 2022	Coinbase	£1,000
22 August 2022	Coinbase	£5,000
22 August 2022	Coinbase	£250

24 August 2022	Coinbase	£7,000
30 August 2022	Coinbase	£10,000
31 August 2022	Coinbase	£6,500
06 September 2022	Coinbase	£20,000
07 September 2022	Coinbase	£700.99 credit
07 September 2022	Coinbase	£5,000
07 September 2022	Coinbase	£5,000
15 September 2022	Coinbase	£5,000
16 September 2022	Coinbase	£10,000 credit
16 September 2022	Coinbase	£10,000
20 September 2022	Binance	£1,500
20 September 2022	Binance	£1,000
27 September 2022	Coinbase	£881.09 credit

Miss A financed the investments via her own savings and by taking out several loans. Miss A tells us that X coached her through what reasons to give for each loan and what to say to RBS if payments she attempted to make were stopped.

### **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.

It has not been disputed that Miss A has fallen victim to a cruel scam. The evidence provided by both Miss A and RBS sets out what happened. What is in dispute is whether RBS should refund the money Miss A lost due to the scam.

#### *Recovering the payments Miss A made*

When payments are made by card the only recovery option RBS has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Miss A was dealing with X, which was the person that instigated the scam. But Miss A didn't make the payments to X directly, she paid separate cryptocurrency exchanges. This is important because RBS would only have been able to process chargeback claims against the merchants she paid, not another party.

The service provided by the crypto exchanges would have been to convert or facilitate conversion of Miss A's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Miss A paid.

When a payment is made by transfer RBS has limited options available to it for recovery of the funds.

I have also considered whether Miss A should receive a refund for the payments she made into the scam under the Contingent Reimbursement Model (CRM) Code.

The CRM code doesn't cover payments made by card, and it only applies when domestic payments (as the result of a scam) are sent to another person. Here Miss A sent a payment to an account held in her own name. And the scam occurred when she moved this purchased crypto from that account to the scammer. I'm satisfied the CRM Code wouldn't apply in this scenario.

*Should RBS have reasonably prevented the payments Miss A made?*

It has been accepted that Miss A authorised the payments that were made from her account with RBS, albeit on X's instruction. So, the starting point here is that Miss A is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether RBS should have been aware of the scam and stepped in and questioned Miss A about the payments she was making. And if it had questioned Miss A would it have been able to prevent the scam taking place.

RBS did step in late on in the scam on 21 September 2022, it had concerns about the payments Miss A was making and her account was stopped. However, during this call Miss A confirmed she was making all the payments herself and that no one else was involved or pressuring her to make payments.

In addition to this Miss A has confirmed X was coaching her on what to say to the bank. Miss A took out several loans to fund the investment and, on each occasion, X told her what to say on the applications. This included saying the loans were for things other than investments such as home improvements.

I think it could be argued the RBS should have stepped in sooner and questioned Miss A about the payments she was making but overall, Miss A had built trust with X and was willing to give false information to both RBS and other loan providers to make sure the payments were approved. I think its very unlikely that Miss A would have been any more honest had RBS had stepped in sooner.

As I think its likely Miss A would have given RBS false information had it done more, I don't think it missed an opportunity to prevent the scam and it is therefore not responsible for Miss A's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 11 January 2024.

Terry Woodham  
**Ombudsman**