



Case study: Banking

AUTHORISED PUSH PAYMENT TO A FRAUDSTER IMPERSONATING THE BANK

Themes: Automated Push Payment (APP) fraud; process and procedures; fraud warning system.

This complaint related to a 'safe account' authorised push payment (APP) fraud where the complainant made two payments to an account opened by a fraudster posing as his bank.

In November 2019, Mr P was contacted by what he believed was his bank, but it later transpired was a fraudster pretending to be them. Whilst on the phone to the fraudster, Mr P authorised two transfers using his online banking facility. The transfers were for £2,204 and £20,000 and, because he was told there had been transactions on his account which he did not recognise, they were made to what Mr P was told were 'safe' accounts in his name.

Towards the end of the call Mr P became suspicious. He put the phone down and contacted his bank, who told him he had been a victim of fraud. The bank contacted the other bank to which the transfers had been made but, by then, some of the money had already been withdrawn. Only £8,629 could be recovered. The bank declined to refund the remainder to Mr P because they said their system had issued an automated warning when he was making the larger payment but, despite this, Mr P had confirmed he was content to complete the payment.

During CIFO's investigation the bank said it was certain it would have provided the warning to Mr P, but it did not have an audit trail to confirm that it had done so. They also said the warning was specific to this type of 'safe account' scam and that Mr P would have had to press a button to authorise and continue with the payment. CIFO asked for alternative evidence to indicate, on the balance of probabilities, that the warning had been given before Mr P made his payment. But CIFO was not satisfied that the limited additional information the bank provided was enough to offset Mr P's position that he had not received a warning.

CIFO therefore recommended that the bank should offer to refund Mr P a total of £17,268 which included the remaining amount lost to the fraud (£15,575), plus interest of £1,693 calculated at an annual rate of 8% from the date of the payment to the date of settlement. The bank agreed to do so.