



Case study: Banking

COMPLAINANT SCAMMED VIA 'WHATSAPP' MESSAGE THAT CLAIMED TO BE A FAMILY MEMBER URGENTLY IN NEED OF FUNDS

Themes: Scam; Contingent Reimbursement Model (CRM) code; new payee; process and procedures; distress and inconvenience.

This complaint relates to a complainant's inability to report a fraud to the bank because their fraud team did not work during weekends.

On a Saturday in January 2022, Mrs Y received a 'WhatsApp' message claiming to be from a family member needing to make an urgent payment to cover a bill. Mrs Y made an online transfer sending approximately £2,000 to the payee detailed in the message. Mrs Y then received a second request but became suspicious that it was a scam and contacted the bank who advised that the Channel Islands fraud team were not available at the weekend and to contact them on Monday.

On the Monday, Mrs Y contacted the bank who submitted a request to recall the funds but were unable to retrieve any. Mrs Y made a complaint to the bank and requested a full refund in accordance with the 'Contingent Reimbursement Model' (CRM). The bank responded by stating that Mrs Y had made the transfer to a 'new payee' and a fraud warning notifying Mrs Y to a possible scam would have appeared on her screen. The bank also stated that the CRM code did not apply to the Channel Islands, and that they were under no obligation to reimburse Mrs Y. Mrs Y referred her complaint to CIFO.

CIFO investigated and found that the fraud warning would not have raised Mrs Y's suspicions as she was making the transfer to a new payee in response to the WhatsApp message that she believed was from a family member. Mrs Y grew suspicious at the second payment request and had immediately tried to contact the bank who were unable to help until the following Monday. CIFO surmised that, had the bank attempted to recall the funds at this time they may have been successful. CIFO also noted that although the CRM code has no equivalent in the Channel Islands, there are still requirements set out in the regulator's banking code of practice that establish a similar expectation for banks to protect their customers from fraud.

CIFO's case handler upheld the complaint and recommended the bank refund Mrs Y the full amount, plus interest of 8% on the total from the date the fraudulent payment was made, and a further £150 for distress and inconvenience. The bank initially did not agree and requested that an ombudsman provide a final decision. The bank then produced evidence that, at the time Mrs Y initially called to tell them about the fraud, money had already been taken from her account. However, they did offer to refund approximately £380 that was still in the recipient's account. CIFO's ombudsman concluded that the bank should reimburse Mrs Y the £380, plus 8% interest on that sum, and a £250 distress and inconvenience award due to the stress that Mrs Y had suffered when she was aware of the fraud but had no means to contact the bank to report it.