



Case study: Banking

ROMANCE SCAMMERS TRICK COMPLAINANT INTO SENDING MONEY

Themes: Romance scam; fraud alerts; contributory conduct by customer; distress and inconvenience.

This complaint relates to a bank's failure to take enough action to prevent a fraud on a complainant's bank account, resulting in a loss.

In January 2021, Mr W received an email from someone overseas asking to be a friend on a social media site. Believing the person was a friend of a family member Mr W agreed, although it later transpired there was no such family connection. However, Mr W continued corresponding with his new friend, and he agreed to send money to cover the cost of her expenses and travel so they could meet in person. Some of the requests were to send money to other people.

In early 2022, after the intervention of a family member, it came to light that Mr W's new friend was a fraudster. Mr W reported it to the police and the bank, but only some of the money could be recovered from the fraudster's bank account. However, the bank accepted they could have taken earlier action to question some of the payments Mr W was making. The bank offered to reimburse him half the unrecovered loss, which Mr W accepted.

A few weeks later Mr W again contacted the fraudster, believing he might have judged his new friend too quickly. She gave Mr W contact details for her 'lawyer' and instructions to send money relating to the export of gold. Mr W then made a number of payments totalling approximately £120,000, but before making the final payment, Mr W realised he had again been defrauded however he continued with the payment because he was frightened and felt blackmailed. Mr W then contacted the bank informing them of the fraud and they investigated. Mr W's bank again recognised that they should have intervened sooner and offered to reimburse Mr W with half the loss from the second sequence of payments, approximately £60,000 but Mr W rejected that offer. Mr W said he should be refunded fully because the bank should have put an alert on his account due to the previous fraud and should also have questioned his actions in making the payments sooner than they did.

CIFO investigated and noted that Mr W knew he had been previously defrauded before making the second set of payments to the same fraudster. CIFO also noted that, although the bank had contacted Mr W and questioned him about one of the payments, Mr W had confirmed he knew what he was doing and authorised the payment. CIFO found, on the balance of probabilities, that Mr W would most likely have similarly reassured the bank about the other payments if they had asked him about them. CIFO also concluded that Mr W's actions to re-engage with the fraudster and make further payments were not reasonable and contributed in no less than equal measure to the bank's oversight or failure to spot the fraud. Therefore, CIFO did not consider that it was fair or reasonable to expect Mr W's bank to compensate him for the remaining half of the money he had sent by way

of the second sequence of payments. The bank honoured its offer to cover half of the second loss. CIFO did not uphold the complaint.