



## Case study: Banking

### FOREX AND CRYPTOCURRENCY SCAMMERS DUPE COMPLAINANT INTO FRAUDULENT INVESTMENT

Themes: Forex; crypto currency; cloned website; fraud; terms and conditions.

This complaint relates to a bank's failure to protect the complainant from making payments to a forex and cryptocurrency scam.

In June 2023, Mr A made a number of payments using a debit card, totalling approximately £80,000, to a cryptocurrency broker for the purpose of investment. Mr A received approximately £6,000 return on this investment. In July 2023, Mr A attempted to make further payments using a credit card, totalling approximately £34,000 but Mr A's bank intervened and flagged the transactions as suspicious. It was at this point Mr A discovered that the cryptocurrency investment broker was a scam and the website he had been using to invest was 'cloned' from a legitimate website.

Mr A complained to the bank, but this was rejected. The bank said that Mr A had failed to carry out adequate due diligence checks on the cryptocurrency investment broker and had also authorised the bank to make the payments. Mr A's bank also stated that in 2017 and 2018 the bank had made Mr A aware of scams when they provided specific information regarding fraud prevention to him. Mr A referred his complaint to CIFO.

CIFO investigated and found that all the payments were properly authorised by Mr A and processed correctly by the bank. CIFO also noted that Mr A's account activity was unusual during this time as several large payments had been made to the cryptocurrency investment broker over a short period. CIFO recognised that the bank had previously provided targeted information to Mr A regarding fraud, but also that it should have intervened earlier because they would have deemed him at a higher risk of fraud. With regard to the bank's claim that Mr A had not completed sufficient due diligence checks on the proposed investment, CIFO found that the awareness of the cryptocurrency investment broker being potentially fraudulent only appears to have become commonplace on the internet toward the end of 2023, after Mr A had become a victim of the scam.

CIFO concluded that Mr A's bank should have reasonably intervened with Mr A's payment requests beyond the usual fraud alert text communication, when Mr A's bank activity became sufficiently unusual. Therefore, CIFO recommended Mr A's bank compensate Mr A for five of the debit card payments; to include interest to be applied to the total amount of compensated payments from the date the payments were made to the date of settlement. The total CIFO recommended Mr A's bank compensate him was approximately £60,000.