



Case study: Banking

UNAUTHORISED TRANSACTION ON COMPLAINANT'S ACCOUNT LEADS TO LOSSES

Themes: fraud; unauthorised transaction; bank premium rate telephone number.

This complaint relates to a bank that failed to reimburse a complainant who fell victim to a fraud.

In December 2023 Miss P received a telephone call from who she believed to be her bank's fraud team but later turned out to be a fraudster. During this call the fraudster provided recent transaction information on her account, which Miss P confirmed was correct, and requested a security code, which Miss P provided. The call was then terminated, and Miss P received a further call from the fraudster who requested Miss P enter a code into her online banking platform. Once Miss P had actioned this request the call was again terminated.

A payment of approximately £1,600 was made from Miss P's bank account and Miss P received a text from her bank advising that her bank account was overdrawn. Miss P checked her bank account and noticed a transaction that she had not authorised and immediately contacted her bank to report the fraud. The bank contacted Miss P three days later to advise that they were only able to recover part of the payment, approximately £1.

Miss P made a complaint to the bank as she believed the bank should have stopped the payment. Miss P also felt it was inappropriate that she should have to contact her bank's fraud team using a premium rate telephone number. Miss P's bank rejected her complaint as they believed Miss P had allowed fraudsters to access her bank account by providing them with personal security information. Miss P referred her complaint to CIFO.

CIFO investigated and considered it probable that the fraudster had acquired information about Miss P's account without her knowledge prior to the call in December 2023. CIFO noted that Miss P had logged onto her bank account using facial recognition to then enter the fraudster's code, and that the bank could not provide evidence to show that Miss P had disclosed any security information to the fraudster. In addition, CIFO noted that Miss P did not knowingly agree to make the disputed payment rather the fraudster had gained access to her bank account to authorise the payment.

CIFO upheld the complaint because the bank had made a payment from Miss P's account without her authority and concluded she hadn't acted unreasonably or negligently in circumstances where she genuinely believed she was speaking to her bank. CIFO also stated to Miss P's bank that a premium rate telephone charge to communicate a fraud was an unhelpful barrier to customers reporting fraud.

Therefore, CIFO recommended the bank compensate Miss P a total of approximately £2,000. To include the full amount of the fraudulent payment of approximately £1,600 with 8% interest from the date the payment was made to the date of settlement, and to refund Miss P's overdraft charges

that resulted from the fraudulent payment. In addition, CIFO also recommended Miss P's bank should compensate Miss P £300 for the distress and inconvenience caused.