# CASE STUDY:
# INVESTMENT SCAM

Channel Islands Financial Ombudsman

## What Happened

An elderly couple became victims of a sophisticated investment scam after seeing an online advert. Interested in investment opportunities, they registered for more information and were contacted by fraudsters who appeared professional and helpful. The scammers set up an account for the couple and convinced them to send large sums of money, promising returns. At first, the couple could withdraw a small amount, which made the scam seem real. But when they tried to get more money back, the fraudsters asked for even more payments and suggested taking out a loan. Eventually, the scammers cut off all contact and blocked their access.

The couple lost most of their savings and even borrowed money from family to keep up with the fraudsters' demands. When they realised it was a scam, they asked their bank for help, but the bank said it couldn't refund the money because the payments were authorised. With nowhere else to turn, the couple hired a solicitor, who later took their case to CIFO.

## What the Bank Said

The bank said it did what was required by making the payments as the couple asked. It pointed out that it gave an online warning before the first big payment and emailed about fraud risks, but the couple did not pay attention to these warnings. The bank also said it cannot question every unusual payment, and its systems are designed to stop fraud while still processing payments quickly.

The bank added that when customers report fraud, it tells them what they can do next, like contacting the other bank involved or getting legal advice. However, the bank did not mention the ombudsman service in its letter, so the couple thought their only option was to hire a lawyer.

## What Was Decided

CIFO investigated the case. The couple's payments were much bigger than usual for their account. Instead of just giving an online warning, the bank should have called the couple to check if the payments were okay. Talking to them directly probably would have stopped the scam. The bank's letter didn't mention that the couple could complain to CIFO. Because of this, they hired a lawyer and spent even more money. CIFO decided it was fair and reasonable to make the bank refund all their lost money, pay interest, and cover the lawyers' fees. Their complaint was upheld.

### KEY LESSONS

- *Be careful when making payments, especially to adverts you see online*
- *Always double-check before sending money to someone new*
- *Banks should reach out to customers about unusual payments*
- *Knowing your rights can help you get help if something goes wrong*