



What happened

A couple received a phone call from someone claiming to be their bank warning them about suspicious payments on their joint account.

Believing the call was genuine, they confirmed some of their account details. During the call, a one-time passcode (OTP) was disclosed to the fraudster who then used it to register a new device.

Shortly afterwards, three payments totalling **£4,750** were made from the account without the couple's knowledge or consent.

The bank said that use of the OTP meant the payments **were authorised** under its terms and conditions.

What we considered

- the nature of the scam and its impact on the couple
- whether sharing an OTP amounts to authorisation of the transaction
- whether it was fair and reasonable for the bank to rely on its own exclusion of liability where there was customer carelessness
- whether the couple's actions objectively met the threshold of gross negligence
- what the bank did to prevent the customer sharing the OTP inappropriately

What we found

- the couple believed they were dealing with their bank
- the payments were not authorised by the customer
- sharing the OTP may have been careless but did not amount to gross negligence
- the bank's warnings were not sufficient to shift the liability to the couple

COMPLAINT UPHELD – the bank was required to refund the loss and pay compensation for distress & inconvenience

Key learnings

Being deceived into sharing an OTP during a scam does not automatically mean a customer authorises a payment. Each case must be assessed on what is fair and reasonable, taking account of its context including reasonable belief about who they are in communication with, clarity of warnings, and the circumstances at the time.



Case Study 2025

Multiple unauthorised payments following an impersonation scam

Fraud

What happened

Sarah's work colleague received a scam call claiming to be from Sarah's bank and saying a fraud had been detected on her account. The colleague then sent Sarah a note giving her the number the scammer gave for her to call back. Sarah called the number.

During the call, she was persuaded to log into her online banking, install third-party software and share multiple security codes, enabling the fraudster to gain remote access to her devices, resulting in **£24,000** being stolen.

Despite feeling uneasy at points, she continued to follow their instructions.

The bank declined to reimburse her, stating she ignored warnings, shared security codes and allowed remote access to her devices.

What we considered

- the nature of the scam and its impact on Sarah
- whether Sarah's actions objectively met the threshold of gross negligence
- whether the bank acted reasonably in allowing the payments to proceed
- whether the bank acted quickly enough upon notification of the scam to recall the funds from the receiving bank

What we found

- Sarah believed she was dealing with her bank
- multiple security codes and account credentials were disclosed, and the account security was compromised
- the bank provided clear warnings not to share the security codes
- Sarah's actions met the threshold of gross negligence

COMPLAINT NOT UPHELD – the bank was not required to reimburse the loss

Key learnings

Where a customer takes numerous separate actions that compromise account security, and ignores real-time warnings, their conduct can amount to gross negligence. In this case, it's the combined impact of the customer's actions, not just one error, that resulted in the customer being held responsible.



Case Study 2025

Incorrect mortgage advice

Banking

What happened

A couple sought mortgage advice while buying a new home. They were given several options and decided to move to a new lender, which meant ending their current fixed-rate mortgage early.

The mortgage adviser explained that an Early Redemption Charge (ERC) would apply. The figure discussed was based on publicly available information rather than their specific mortgage terms. The couple considered the amount affordable and trusted that the information they had been given was factually correct.

Three days before completion, the couple were told by their current lender the ERC was considerably higher.

The couple felt they had no choice but to go ahead and they paid the higher ERC. Because of the incorrect information given to them, they looked to the mortgage adviser for reimbursement of the ERC.

What we considered

- whether the ERC increase was a financial loss caused by an error by the mortgage adviser
- whether the couple reasonably believed they had no other choice but to proceed with the new mortgage and incur the higher ERC
- whether it was fair and reasonable for the mortgage adviser to reimburse the full cost of the ERC as settlement of the couple's claim

What we found

- the ERC was not a financial loss – it was payable based on the terms of the existing mortgage
- although inconvenient, the couple did have a choice not to proceed with the mortgage change
- the mortgage adviser had already provided compensation for the procedural error in communicating the ERC, which was considered to be fair and reasonable

COMPLAINT UPHELD – but CIFO noted the mortgage advisor had already provided compensation that was fair and reasonable in these circumstances

Key learning

The complaint was upheld because the mortgage advisor made a procedural error when communicating the ERC, causing confusion and distress for the couple. The advisor's mistake was addressed, and reasonable compensation was offered. However, the couple also had a responsibility to verify the ERC with their current provider before proceeding. Customers should carefully review their documents to understand the specific terms that apply to their mortgage.



Case Study 2025

Banking

Bank applied UK best practice to resolve a complaint

What happened

Simon had an arranged overdraft on his account which he regularly used over a 20-year period.

He complained that the bank had a duty of care to support him better in managing his finances, given the ongoing use of the overdraft beyond the £500 interest-free threshold.

The bank followed UK best practice, acknowledging that it could have provided him with better support managing his bank account.

The bank reimbursed fees and interest charges from 2023 and paid compensation equivalent to 50% of his overdraft balance.

What we considered

- whether the bank was required to support Simon under local regulations
- whether Simon had any other debts or had sought help from elsewhere
- whether Simon had previously requested guidance or assistance from his bank regarding the overdraft and his regular reliance upon it

What we found

- there were no specific requirements under local regulations requiring the bank to take action or monitor account usage for signs of financial difficulty
- the bank demonstrated its commitment to supporting Simon by voluntarily following UK best practice

COMPLAINT NOT UPHELD – compensation was provided at bank discretion but was viewed by CIFO as consistent with good practice and fair and reasonable in the circumstances

Key learning

This case is a good example of complaint handling. Although not required under local regulation, the bank applied UK best practice by following the UK Consumer Duty. This meant focusing on what was fair for the customer. The complaint was handled with care, taking the customer's circumstances into account to reach a fair outcome.



Application and disclosure of 3rd party fees on investments

What happened

Alex reviewed his investment portfolios and found the management fees were not always charged at the agreed rate, and third-party fees were inconsistently disclosed.

He felt these errors breached the investment firm's Terms of Business (ToB) and led to financial loss.

The investment firm acknowledged a manual error in fee adjustments, which led to an overcharge of **£600**. They offered to reimburse this amount.

Third-party fees were estimated at account setup but were not regularly detailed in statements, which Alex felt impacted his investment choices.

What we considered

- whether fee disclosures were consistent with CIFO's understanding of the local regulatory requirements
- the impact of fee-charging errors and lack of transparency
- how Alex's investment knowledge determined what information was understood and accepted
- whether the investment firm acted reasonably and promptly in correcting mistakes

What we found

- Alex was knowledgeable and understood the risks
- fees were initially disclosed accurately
- a manual error caused a fee overcharge, this was acknowledged and a refund was offered
- annual statement lacked third-party fee details until 2020, but could be requested
- fee contract terms were unclear

COMPLAINT UPHeld IN PART – the firm was required to refund the fee error and pay compensation for the distress and inconvenience experienced

Key learning

In assessing firm's duties, timely fee disclosures, correction of errors, and clear contract language play an important role. If these duties are breached, compensation may be justified. While initial and accurate disclosure, and client understanding can set expectations, it's regular transparency that prevents misunderstandings.



Insurance claim dispute over cosmetic bicycle accident repairs

What happened

Johnny collided with another cyclist, damaging his high-performance bicycle. He got a crash report that called for a specialist check of the frame and forks.

The specialist found no structural damage but recommended fixing accident-related cosmetic issues.

Johnny's insurance policy didn't cover cosmetic repairs. The insurer only paid for repairs covered under the policy.

Johnny insisted the damage was not just cosmetic but needed repair to protect the bike's function and performance. He wanted **£4,500** or full repair costs, plus compensation for distress and inconvenience.

What we considered

- the nature and impact of the accident and resulting damage
- whether policy terms and exclusions were correctly applied
- the adequacy and fairness of the insurer's assessment and settlement offer
- whether the claim handling, including communications and delays, was reasonable

What we found

- the insurer fairly assessed the damage based on the experts' reports
- cosmetic damage was not covered unless it affected bike function, per the policy exclusions
- the insurer's settlement offer for the covered repairs was fair and reasonable
- there was no misrepresentation of liability by the insurer

COMPLAINT NOT UPHOLD – the insurer was not required to pay any additional compensation beyond the covered repair costs

Key learning

Insurance claims are generally resolved by reviewing the policy terms and exclusions. The claimant must provide clear proof for their claim, using clearly stated policy terms, while the insurer must justify any exclusions. Policyholders should carefully review their documents to understand their coverage when buying insurance and when making claims.



Medical insurance dispute over cover for pre-existing condition

What happened

Janice submitted an insurance claim for her hernia surgery.

Her insurer capped the payout to £5,000, stating that the hernias were linked to Crohn's disease, which was a pre-existing condition.

Janice disagreed with the insurer's assessment and submitted additional evidence to support her claim.

She asked the insurer to pay the full cost of her surgery under her policy.

The insurer maintained the hernias were linked to her pre-existing condition and denied full coverage.

What we considered

- the medical history and reports from consultants
- whether the hernias were most likely caused by Crohn's disease or other factors
- whether the pre-existing condition cover and annual limit were applied per the policy terms
- the effect of exclusions if the hernias were not linked to Crohn's disease

What we found

- the insurer fairly assessed the claim based on medical reports
- Janice's surgery was related to her pre-existing condition
- the insurer's application of the exclusion for pre-existing conditions was fair and reasonable

COMPLAINT NOT UPHELD – the insurer was not required to pay compensation

Key learning

The specific and clear wording of your insurance policy and its limitations regarding pre-existing conditions will ultimately determine whether your claim will be paid. Always read and understand your policy terms thoroughly when buying an insurance policy and when making a claim.



Emergency breakdown policy terms not being applied correctly

What happened

Matt called his insurance provider to report a leak from his boiler.

The insurer sent an engineer over who assessed the boiler and found it was failing due to corroded parts, and that these boiler repairs were not covered by the policy. The engineer advised Matt to contain the leak in a bucket and to get it repaired privately.

Matt called the insurer to say the emergency was the leak, and not the boiler failing. The part causing the leak was not corroded. He asked for reimbursement of the private repair cost.

The insurer did not agree to pay the repair cost.

What we considered

- what the emergency was as reported to the insurer by Matt
- whether a repair to deal with the emergency should have been covered by the insurance policy

What we found

- the emergency was a leak causing damage to the home which was covered by the insurance policy
- the corroded parts were not causing the leak
- the repair to the leaking part was covered by the policy, but replacement of corroded parts was not

COMPLAINT UPHOLD – the insurer was required to reimburse the cost of the repair to fix the leak in addition to the damage to the home already agreed

Key learning

Cover for an emergency under this type of boiler breakdown insurance does not depend on whether a boiler has failed. In this case the emergency was the leak – the boiler remained operational. The engineer, assigned by the insurer, had not investigated the leak sufficiently.