

The complaint

Mr R is a sole trader, trading as P. He complains that Advanced Payment Solutions Limited trading as Cashplus didn't do enough to prevent the loss he suffered when he fell victim to a scam.

Mr R has used a representative to bring his complaint, but for ease of reading, I'll mostly just refer to and will ascribe the representative's comments to Mr R.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

In February 2023 Mr R was sadly the victim of a 'safe account' scam, which resulted in him transferring a sum of £16,000 from P's bank account held with Cashplus. When Mr R realised he'd likely been the victim of a scam, he reported this to Cashplus, who in turn contacted the recipient payment service provider (PSP) – 'R', but unfortunately by that time only a small amount remained in the recipient's account, which has since been returned to P.

Mr R complained as he was unhappy that Cashplus hadn't done enough to protect him from being a victim of fraud. Specifically, that Cashplus had failed to identify, and intervene in what was uncharacteristic account activity. Mr R believes Cashplus' failure has caused his loss, so it should provide a refund. Cashplus didn't uphold Mr R's complaint, in summary it didn't think it had done anything wrong. The matter was referred to our service. Our Investigator concluded that, in his opinion, as there hadn't been a failure by Cashplus which had resulted in a loss to Mr R, it didn't need to do anything further to resolve his complaint. Mr R did not accept the Investigator's assessment and asked that an Ombudsman review the case.

The complaint was passed to me. Having reviewed everything, I intended on reaching the same outcome as the Investigator, in so much as, I couldn't ask Cashplus to refund Mr R's loss. But as Mr R had raised some new points in response to the Investigator's findings; some of my reasoning differed; and I noted some inconsistencies in the information provided, and factual inaccuracies around the events. I wrote to Mr R and Cashplus setting out why I'd not been persuaded that there had been a failure by Cashplus which had resulted in Mr R's loss. I said:

- In the context of P's normal spending and account usage, I'm satisfied here, that it wouldn't be fair to say that the disputed payment should have appeared sufficiently unusual, uncharacteristic or suspicious to Cashplus such that it ought to have intervened and contacted Mr R about it.
- In response to the Investigator's opinion Mr R pointed out the differences between another high street bank and Cashplus' process when setting up and sending a payment to a new payee. He argues that if Cashplus had such a system in place it would've prevented his loss as it would've alerted him to the fact that the payment

was not going to the bank he'd been told by the scammer his new account was with, or to an account in his name. Mr R says in such circumstances he would not have proceeded with the payment. The process Mr R refers to is known as 'confirmation of payee' (CoP). This is a name checking service for UK domestic payments through which the sender of funds can check whether the name on the account they are sending money to, matches what they expect. However, at the time, it was not mandatory for Cashplus to have this system in place, and it has confirmed it is not currently enrolled to outbound CoP. So, whilst I agree CoP is useful to combat the type of scam Mr R fell victim to, I can't fairly criticise Cashplus for not having it in place at the time, when there was no requirement for it to do so. I'm also not persuaded that this forms a basis upon which I can fairly and reasonably ask Cashplus to reimburse Mr R's loss.

- In his most recent submissions, Mr R says that he didn't receive a text message containing a one-time passcode (OTP) when he set up the new payee. He has shared screenshots of a series of text messages he's received from Cashplus and says he can't find any for the date in question. And from recollection, he thinks he was given the code verbally by the scammers which he suggests implies a serious breach in Cashplus' security. But the version of events described in the information provided when the complaint was referred to our service is different and was as follows: "Our client received the OTP code for making the bank transfer, and a code that was used to confirm the identity of the agent who had phoned them. Regarding the OTP code that our client received, their recollection is that they either inputted the code themselves or provided the code to the fraudsters." There are also further references to Mr R having received a code by text in his initial submissions. Cashplus has shared with me its system records which show the content of the message, at what time and the telephone number (which is Mr R's) to which the OTP was sent. Due to the inconsistency in the information provided when the complaint was referred and Mr R's most recent submissions, I've placed greater weight on Cashplus' system records. So, on balance, I think it's most likely that the OTP was sent by Cashplus, and received by Mr R. I'm not in any way suggesting dishonesty on Mr R's part, I think the most plausible explanation is that given the amount of time that has passed, he's simply mistaken in his recollection of events.
- Both Cashplus and our Investigator said that Cashplus attempted recovery of the funds from R the same day the scam was reported (13 February 2023), but it didn't receive a response from R. However, from the evidence I've seen R responded the same day (13 February 2023) to advise some funds remain and asked Cashplus to send an indemnity. Cashplus did so the following day, and a sum of £4.28 was returned, which I can see was credited to P's account on 20 February 2023. From Cashplus' system records it would appear that Mr R reported the scam around 4pm, and its notes says it sent notification around 4.20pm. I've also seen evidence of notification of scam, in the form of an email between Cashplus and R, but this is timestamped around 5.45pm. So there is some discrepancy around the timings. But ultimately, even if notification was sent by Cashplus around 4pm and it was received and actioned immediately by R, I'm satisfied it wouldn't have made a difference to the sum which could've been recovered and returned. I say this because all but £4.28 had been spent before Mr R had even notified Cashplus.

I asked both parties to send me any further comments and/or information they want me to consider. Cashplus said it had nothing further to add. In response to my point about there not being a requirement, at the time, for Cashplus to have CoP checks, Mr R questioned whether Cashplus has a duty of care to make it abundantly clear that it does not operate this way considering the fact most banks do. He also asked for a written final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I take Mr R's point, but as I've explained, at that time, there was no mandatory requirement for Cashplus to have the CoP system in place. And other banks choosing and/or being required to implement CoP doesn't mean Cashplus has acted unfairly by not doing so. Nor does any of this mean that Cashplus needed to publicise to its customers, at the point of them making a payment, that it hasn't done so.

As neither party has provided any new evidence or comments for me to consider, I see no reason to deviate from the outcome I've previously explained.

I'm sorry to hear Mr R has lost so much money to a scam. But for the reasons set out above I can't tell Cashplus to do more to resolve this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 February 2024.

Sonal Matharu
Ombudsman