

The complaint

Mr W complains The Royal Bank of Scotland Plc (RBS) didn't stop and won't refund him three payments he made to a retailer using Faster Payment bank transfers.

What happened

Mr W said he paid for a watch in spring 2023, but he did not receive it. He explained RBS said as he had a previous successful transaction with the retailer, he was not covered as it would not consider it a scam.

Mr W explained he found the retailer on a social media platform marketplace and paid for a watch. Mr W said he received a 'fake' watch after his first payment which he sent back. Following this, he agreed with the retailer to make two further payments and he would then receive the watch after the third and final payment.

Mr W said he made the two further payments but did not receive the watch and is now unable to contact the retailer.

Mr W said to RBS he had bought from this retailer before. RBS responded it would therefore consider it as a dispute rather than a scam. RBS explained that bank transfers, such as the 'Faster Payment' Mr W made for the watch would not be covered and was in the terms and conditions of his account.

During another phone call with RBS this was confirmed, this second adviser also explained Faster Payment bank transfers are like paying cash.

Mr W raised a complaint with RBS who investigated and provided a final response. It highlighted three payments to the same retailer Mr W wanted refunding for. These payments were for a total of £1,100 split over three similar amounts over a one month period.

RBS confirmed as he had made these payments via online banking using a money transfer, he was not covered under the chargeback rules, which only applies to card transactions.

RBS also provided details of its scam team, but said it was unlikely they would be able to help as he sent the payments willingly. It also advised Mr W to consider this as a civil dispute, highlighting Citizen's Advice, Trading Standards, and the police as possible options for recovering his money.

In its response to our questions, RBS have explained Mr W has had two previous recent complaints with them where he had sent money to companies he had found on the same social media platform. On both previous occasions RBS said it advised him about scams and, although not required to, had compensated him for his losses as a gesture of goodwill.

RBS said this appeared to be a similar case and therefore, as they had advised him before, they declined to offer any compensation or payment on this occasion.

Our investigator said Mr W authorised the payments he made. She thought it wasn't fair to expect RBS to have stopped these authorised bank transfers. She concluded RBS did not need to pay the money back or do anything further.

Mr W disagreed with our investigator's view, it has therefore been passed to me to make a 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

The starting position in law is a bank is expected to process payments and withdrawals a customer authorises it to make, in accordance with the terms and conditions of the customer's account. I have taken this into account when deciding what is fair and reasonable in this case.

Having said that, there are also obligations on banks to detect and prevent certain transactions, I consider RBS should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams,
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer,
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

This means that, there are circumstances where a bank should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm.

Having considered the evidence provided to us, I understand Mr W used Faster Payments, often referred to as an online bank transfer, to make three payments to a retailer he had found in a marketplace on a social media platform. By making payments this way, I am satisfied Mr W authorised these payments.

This leads me to now consider whether RBS should have had any reason to stop, query or block these payments.

Banks have to strike a difficult balance between how to detect unusual activity on an account and to also not interfere with the vast majority of perfectly normal transactions which are not fraudulent or related to scams.

To decide whether there is any indication these transactions should have warranted RBS's intervention, I have considered what was usual on Mr W's account, and whether RBS could have foreseen these payments and any problem. To do this I have examined Mr W's statements for the account in question for a 12 month period, including the time frame complained about.

I can see Mr W regularly made Faster Payment transfers during this period, as an example, in April 2023 there were over 40 such payments made. I can also see it was not unusual for Mr W to send payments similar to the amounts claimed. I will not go into further detail here, as the evidence is available to both parties.

For these reasons I don't think these three payments stand out as unusual or suspicious. They are not made using a method of payment rarely used by Mr W and are also not for amounts so different or large to be considered as unusual.

As I don't think these payments are unusual or suspicious, I don't think it is fair or reasonable to have expected RBS to have recognised these payments as potentially linked to a scam and intervened.

I've now considered what RBS should have done once they became aware of the issues.

RBS were correct in explaining such payments are not covered in the same way as card payments or other types of transfer. One RBS adviser explained to Mr W this type of transfer was similar to paying cash, which I think is fair comparison here.

Having listened to the calls Mr W made to RBS regarding these payments, it is clear he did not have contact details or any way of contacting the retailer he had entered into a contract with. It appears Mr W is unable to pursue them for his money as he explained he couldn't contact the retailer and it had discontinued its online presence.

I am also mindful Mr W said he had used this retailer before, and this leads me to think this is more likely a civil dispute.

I therefore consider it appears Mr W is seeking to hold RBS responsible for a civil issue he has with a retailer. Whilst I appreciate, he may not have the details for the retailer, this does not make RBS responsible for these authorised payments.

Furthermore, RBS have said this is the third time Mr W has had cause to involve RBS for transfers he has made to companies he has recently found on social media platforms. RBS said it explained on both previous occasions it provided advice and paid Mr W compensation as a gesture of goodwill. It also explained it has considered this when deciding not to offer compensation for these payments.

I think this demonstrates RBS had also taken positive action to warn Mr W personally about such purchases, helping Mr W to understand the risks related to such purchases and bank transfers.

Taking into consideration the circumstances and type of payment made, the evidence presented by RBS of previous issues Mr W has had and the advice provided during previous complaints, I do not uphold the complaint.

I appreciate this will be disappointing for Mr W, and I am sorry for the loss he has had and the experience he has had with this retailer.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 April 2024.

Gareth Jones
Ombudsman