

The complaint

Miss P has complained that Coventry building Society (“Coventry”) hasn’t refunded the money she believes she lost as part of a scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Miss P says that she became aware of an opportunity to invest in a property abroad when she was introduced to it whilst on holiday in the country. She says she researched online and following this she decided to invest. She says she visited the property location and had a solicitor friend check over the paperwork, and they confirmed everything seemed in order, but she also says that her parents had warned her to take care – and that the opportunity seemed too good to be true.

Miss P decided to go ahead with the investment and between October 2022 and April 2023 she paid £665 per month by standing order to the investment company for the property she believed she’d purchased. She’s provided a Purchase Agreement which outlines the particulars of the investment and the property Miss P had purchased.

Miss P says that after doing some further checks, she became increasingly suspicious that the company was in fact fraudulent, so she reported to Coventry that she’d been scammed.

Coventry contacted the receiving bank in an attempt to recover the funds Miss P had sent, but it wasn’t successful, so it didn’t refund any of the payments.

Miss P made a complaint to Coventry. In its response Coventry said it didn’t think that Miss P had been scammed, but this was instead a dispute between Miss P and the investment company. It said this based on its communications with the receiving bank, who’d said that the investment company had been operating for many years and the transactions were in line with its usual business activity. Miss P remained unhappy so she referred the complaint to this service.

Our investigator considered everything and didn’t think the complaint should be upheld. She explained she also didn’t think that Miss P had been scammed, but in fact this was a civil dispute between Miss P and the investment company she made the payments to.

As Miss P didn’t accept the investigator’s opinion, the case has been passed to me to make a 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'm sorry to disappoint Miss P but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Miss P authorised these payments from leaving her account. It's accepted by all parties that Miss P gave the instructions to Coventry and Coventry made the payments in line with those instructions, and in line with the terms and conditions of Miss P's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I haven't seen that Coventry intervened when Miss P gave it the instruction to create the standing order for £665 per month. But having considered this, I don't think that's unreasonable in the circumstances.

I say this because firstly, the value of the payments isn't so large that it stands out as suspicious or particularly unusual in context of how standing orders are generally used. I think it's also reasonable that Coventry would've assumed to some extent that Miss P had researched, and was satisfied with, the company she was paying.

Additionally, as this was a regular payment, I think it's fair to say that Miss P should've carried out some form of due diligence, which she says she did. Although with hindsight she might now realise she should've done more to satisfy herself that the investment she was making would materialise, such as by seeking independent legal advice, it doesn't automatically follow that Coventry is responsible for her losses as a result of her not doing that.

Coventry noted that the investment company Miss P dealt with has been operating for over 14 years, and as such, the recipient bank doesn't believe it to be operating as a scam. Having checked this I also agree that the facts of this case aren't typical of a scam, so I think it's more likely that this is a disagreement or a miscommunication between Miss P and the investment company. It's very unlikely that a company scamming individuals out of large sums of money would be able to operate for so long, especially using a UK bank account, without any repercussions. I also can't see that there are any publicly available warnings about the company in question, and I don't think that would be the case if it was part of a long-term scam.

Coventry also says that Miss P initially reported this as a scam in July 2023, but shortly after this she asked Coventry to close the scam claim as a friend who appears to have made a similar investment had received the keys to their property. Miss P then requested Coventry reopen the claim the following month. This again persuades me that it's more likely than not that this is a dispute between Miss P and the investment company, as opposed to a scam, which would've involved Miss P being tricked into sending money to a fraudulent recipient, which doesn't seem to be the case here.

I've seen that in response to our investigator's view Miss P reiterated that she hasn't received what she's paid for. I should stress that I don't dispute this, but in the circumstances I can't hold Coventry liable for that. This appears to be a matter between Miss P and the investment company, so I'm afraid she'll need to follow this up with that company, or she might choose to take legal advice to understand her rights.

Whilst I'm very sorry that Miss P had lost money in the situation she's described to us, I can't confidently say that she's been scammed, nor that Coventry should've prevented what's happened to her. I do understand that my decision will be disappointing, but for the reasons I've set out above, I don't think Coventry has acted unfairly by not refunding the money Miss P has unfortunately lost.

My final decision

I don't uphold Miss P's complaint against Coventry Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 25 October 2024.

Sam Wade
Ombudsman