

The complaint

Mr W complained because National Westminster Bank Plc allowed a fraudster to open two accounts in his name.

He wants NatWest to tighten its security procedures, issue him with a full apology, and pay him more compensation.

What happened

On 22 January 2020, two internet account applications were made using Mr W's name and address. The applications were credit checked, and passed, so the accounts were opened.

Mr W was sent new bank account letters, bank cards and PIN numbers, and letters saying NatWest hadn't been able to contact him through what was a fake email address. He contacted NatWest, which asked Mr W to go into the branch with the letters and his passport. It paid him £30, and closed the accounts.

Mr W complained to NatWest. He said the bank had held his personal details for many years, so it should have been immediately apparent that the details didn't match. This included the wrong date of birth and wrong email address. He said it was obvious NatWest hadn't carried out the most basic and simplest of checks by cross-referencing with data it already held.

NatWest said it hadn't made an error. It said someone had used Mr W's personal information which it had gained from outside the bank, and that was how the applications had been made. It said that when an online application is submitted, the system carries out a credit check. As this had been successful, the accounts had been opened.

NatWest also said that it couldn't prevent third parties from applying for accounts fraudulently. It said that when an application for a new account is received, it reviewed certain details. It said it understood Mr W felt it should have cross-referenced the applications against his genuine accounts. But there had been enough details for a credit check, so the applications had been successful. NatWest paid Mr W a further £50 as an apology for not having provided good service when Mr W had contacted the bank.

Mr W wasn't satisfied and complained to this service. He said his main complaint was that NatWest allowed some of his personal information, which it held, to be used fraudulently, and it hadn't carried out normal security checks. The incorrect date of birth and email address should have alerted them. Mr W pointed out that he had to provide a lot of security information when he wanted to talk to his bank. He believed NatWest's security checks and systems were inadequate as someone had opened two accounts using bogus details.

Our investigator contacted NatWest. Following this, NatWest offered Mr W a further £120 compensation, making a total of £200 with the £80 it had already paid him.

The investigator put NatWest's offer to Mr W. Mr W said that a total of £200 wasn't enough, and that NatWest ought to be penalised more than this. The investigator explained that this service isn't able to punish a business, because that's the role of the regulator, the Financial Conduct Authority (FCA). And she explained that while checks should have been carried out, we're not told what they are, because this is commercially sensitive. Mr C said he wanted £2,000 and an apology.

NatWest was willing to write an apology, but refused to increase the compensation from a total of £200 to a total of £2,000. The investigator considered £200 plus the apology was fair.

Mr W didn't agree. He wasn't happy with the apology letter NatWest had sent. He said he wanted £2,000 to penalise NatWest, and a thorough, detailed and truthful explanation about how it failed to protect his personal details, including a full apology and details about how it would carry out an enquiry to discover who had made the fraudulent applications. Mr W's complaint was passed to me for an ombudsman 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.

First, I'll set out what I can and can't look at.

I do understand that it's upsetting to have fraudulent activity involving one's personal details. I recognise that this would have been worrying, and that it also caused inconvenience to Mr W. The person ultimately responsible for this upset is of course the fraudster, and sadly there's little I can do to reduce the upset the fraudster has caused. This decision considers NatWest's role.

I can't tell where or how the unknown fraudster obtained some of Mr W's personal details. If Mr W considers that the data breach came from NatWest, he can contact the Information Commissioner's Office (ICO) if he wishes to take this aspect further.

Similarly, this service isn't the regulator of banks. That's the Financial Conduct Authority (FCA) and this service can't consider what procedures NatWest should or shouldn't have had in place in relation to fraud prevention. This includes the exact details of NatWest's security checks for new account opening, which aren't shared with this service. It also includes what measures a financial organisation takes to track down fraudsters. Similarly, when we award compensation, we can't do so on the basis of penalising a financial organisation – that, too, is the role of the FCA.

I realise that Mr W wants all of these factors to be taken into consideration, but I can't do so when these are roles belonging to other organisations. What I can consider is whether NatWest acted fairly toward Mr W in the other aspects of his complaint, and what it should do to put things right.

Having done so, I agree that the original compensation of £80 wasn't sufficient, and I uphold Mr W's complaint. Mr W was understandably shocked and upset by what happened. He also had the inconvenience of having to go to a branch, and make a number of phone calls. I consider that a total of £200 compensation is fair and reasonable.

I've also borne in mind that NatWest has recorded a CIFAS preventative marker for Mr W. CIFAS is a fraud prevention service, and one of the services it offers is a preventative marker for individuals. This places a marker against Mr W's details. Organisations which are

members of CIFAS should then take extra care, which should offer peace of mind and a reduced likelihood of future fraud against Mr W.

Finally, I understand that Mr W was unhappy with the letter which NatWest sent him as an apology. I'm sorry to hear this, but we wouldn't get involved with the exact wording of a letter of apology.

My final decision

My final decision is that I uphold this complaint.

I order National Westminster Bank Plc to pay Mr W a total of £200 compensation for the distress and inconvenience caused. With the £80 already paid, this leaves £120 still to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 June 2021.

Belinda Knight
Ombudsman