

The complaint and background

Mr A complains that National Westminster Bank Plc (“NatWest”) failed to refund money he lost as part of an investment scam.

The details of this complaint are well known to both parties, so I will not repeat everything again in detail here. However, in summary, Mr A opened an account with a fraudulent binary options trader called RBOptions in 2016 after searching online for an investment opportunity. They encouraged him to invest his money, whereby he subsequently made the following payments:

The transactions below came from Mr A’s debit card:

Date	Merchant	Amount	Running total
4 January 2016	RBO	£300	£300
10 February 2016	RBO	£500	£800
10 February 2016	RBO	£300	£1,100
10 February 2016	RBO	£300	£1,400
22 February 2016	*ALWRBO	£3,400	£4,800
2 March 2016	RBOPTIONS	£700	£5,500

Mr A later discovered he had been scammed when he was unable to withdraw the money he had invested and received no further communication from the merchant. He reported his loss to NatWest, who refused to refund the payments he made as he had authorised them.

Our investigator upheld Mr A’s complaint. She initially concluded that NatWest ought to have blocked the first payment made to RBOptions because, by the time it was made, there was a warning about the trader published on the IOSCO investor alerts portal. The investigator felt that if NatWest had intervened from the first payment, the scam would have likely unravelled, thereby preventing Mr A from losing any money.

However, NatWest pointed out that the warning placed on IOSCO’s investor alerts portal was in relation to “RBOptions”, which was only the name of the payee for the last payment Mr A made to the scammer on 2 March 2016 for £700. The names of the payees before this (RBO and ALWRBO) did not match the name on the IOSCO warning, so NatWest argued that it shouldn’t be held liable to refund all the payments, as it wouldn’t have known to block the prior five payments Mr A made. As a result, they offered to refund the payment of £700 he made to RBOptions only, on the basis that they should have only blocked this one in light of the IOSCO warning.

Our investigator agreed this was fair in the circumstances, but Mr A disagreed, so the matter has been escalated to me to determine.

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.

Having done so, I've decided to uphold it, but I do not intend asking NatWest to make any further award.

Under regulations and in accordance with general banking terms and conditions, banks should execute authorised payment instructions without undue delay. The starting position is that liability for an authorised payment rests with the payer even where they have been duped into making that payment as part of an investment scam, for example. There is no dispute here that Mr A authorised the payments.

Banks and other payment services providers have duties to protect customers against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering. But they don't have to protect customers against the risk of bad bargains or give investment advice. And I'm mindful the regulator has confirmed that providing a fraud warning to a customer doesn't amount to investment advice.

It isn't in dispute here that the trader Mr A paid was a scammer, and NatWest has conceded that it ought to have intervened in the £700 payment Mr A made to RBOptions on 2 March 2016, given that an IOSCO warning had been live about the merchant since January 2014. So, I've considered whether NatWest also ought to have intervened in any of the earlier payments Mr A made to the merchant. But I don't think they were under any obligation to do so in these circumstances.

I say this because, although Mr A was under the impression that all his payments were being made to RBOptions, the payees he sent money to between 4 January 2016 and 22 February 2016 did not match the name of the trader as per the IOSCO warning. I appreciate that the payments made to "RBO" are very close in name to that of "RBOptions". But I wouldn't have expected the bank to have automatically assimilated this with the trader listed on the IOSCO warning, as RBO (as an acronym) could stand for various different things (a cursory Google search has shown various organisations under the name "RBO", for example). And the payment made to "ALWRBO" is also too dissimilar from RBOptions for any reasonable connection to have been made. Therefore, I don't think NatWest ought to have automatically blocked these payments.

I have also considered whether there were any other reasons for NatWest to have intervened in the payments Mr A made – such as if they were particularly out of character or unusually large in relation to his normal pattern of spending. But I don't consider there was. The payments Mr A made were not of such a significant value that I would have expected the bank to have made enquiries before allowing them to be processed, as I do not consider they represented a significant deviation from his usual account activity. Therefore, it follows that I do not consider NatWest to be liable to refund Mr A any of the payments he made prior to 2 March 2016.

As outlined above, NatWest has already agreed to refund the £700 Mr A paid to RBOptions, which I think is fair given they ought to have automatically blocked it in light of the IOSCO warning (and the bank therefore seemingly also concede that an intervention at that point would have likely uncovered the scam, which I agree with, for the same reasons outlined by the investigator). So, I'm satisfied that the offer NatWest has made is fair, and I will not be asking them to refund any of the other payments Mr A made to the scammer.

My final decision

For the reasons given above, I uphold this complaint and direct National Westminster Bank Plc to refund Mr A the £700 he paid to RBOptions. As the payment was made from his

current account, NatWest should also add 8% simple interest per year on this amount from the date it was paid until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 April 2022.

Jack Ferris
Ombudsman