

## **The complaint and what happened**

Ms G complains National Westminster Bank Plc (NatWest) won't reimburse £34,000 that she lost when she fell victim to a scam.

Our investigator concluded the complaint should be upheld. She was satisfied NatWest ought to have intervened when Ms G made her second payment towards the scam investment as the payment was unusual for the account. She asked it to reimburse £29,000 of the losses plus interest.

NatWest questions whether the pattern of transactions was unusual, and that if we find it should have intervened, we will ultimately be saying it should block all high-value transactions. As NatWest didn't agree the outcome, the matter has been referred to me for review and determination.

## **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.

Although I have only summarised the background above, I have read and considered what's been provided. Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- There is no dispute that Ms G authorised the transactions in question. Whilst she didn't intend for the money to go to scammers, she is initially presumed liable for the loss. There also doesn't appear to be any dispute she has been scammed – there was a warning about the merchant published on the Financial Conduct Authority's website part way through the scam.
- NatWest is aware of our approach of expecting it to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at risk of fraud; and in some situations, make additional checks before processing payments or declined them altogether to protect customers from possible financial harm from fraud or scams.
- In the previous seven months, Ms G barely used the account, with only five debits, the highest of which was for £40. So the first payment of £5,000 was a significant departure from the accounts previous use. And the payment was going to a new, international payee. However, I agree with the investigator that a one off, large spend, particularly as it had been transferred in from another account, isn't necessarily unusual; people often have one off large spends.
- But the following day Ms G made an identical payment. This was the second payment, to the same payee, in as many days. Whilst customers may save for a large spend, I don't find that a plausible explanation for two payments of the same amount, to the same destination on consecutive days. The amount represents a 12,400% increase on previous typical spending from the account. I find the second payment (and those following it) look unusual and uncharacteristic such that NatWest's systems ought to have triggered an alert and the payment/s paused, pending further intervention – such as making enquiries, or giving a scam warning.

- NatWest' argues paying large sums to an investment wouldn't be unusual. I accept the general point, but I can't see it knew that's what the payments were for at the time. I understand they were ultimately paid to a crypto-asset wallet. So even if it did know the payments were for investment purposes and were going to a crypto-wallet, it doesn't follow Ms G's money was safe, in her control (and NatWest's records show it wasn't) or that she wasn't at risk of financial harm due to fraud or a scam. As NatWest is aware, and ought to take notice of, both the regulator and Action Fraud have been reporting on this type of fraud since 2018.
- Had NatWest carried out its due diligence and duties and asked Ms G about the payments, I've no reason to doubt she would have explained what she was doing. It could have provided information about the steps a customer can take to ensure, as far as is reasonably possibly, they are dealing with a legitimate person. And it could have drawn on its knowledge about the high risks associated with investing into crypto-assets, the potential for fraud and provided a scam warning. Had it done so, I'm satisfied Ms G would have looked into the opportunity further and wouldn't have taken at face value comments about competitors posting bad reviews about the merchant. I'm satisfied a warning from NatWest would likely have exposed the scam and caused Ms G to stop investing, thereby preventing the loss of £29,000.
- I have considered whether Ms G ought to bear some responsibility for her losses. It does appear she carried some research before investing. It appears she came across some negative reviews which she did question the merchant about. And she was reassured to be told they had been posted by competitors. I have thought about this carefully, given the imbalance of knowledge between the parties. Overall, I'm not persuaded it would be fair to make a deduction for contributory negligence in this case.

### **My final decision**

For the reasons given, my final decision is that I uphold this complaint. I require National Westminster Bank Plc to:

- Refund £29,000 to Ms G; and
- Add 8% simple interest on that sum, from the date of the payments to the date of settlement, less any lawfully deductible tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 6 September 2022.

Claire Hopkins

**Ombudsman**