

The complaint

R complain that National Westminster Bank Plc (“NatWest”) won’t refund money it lost, after it fell victim to an ‘authorised push payment’ (“APP”) scam.

What happened

The circumstances which led to this complaint are well-known to both parties. So I won’t repeat them in detail here. But, in summary, I understand them to be as follows.

In January 2022, R was tricked into making two payments, totalling £13,500, for what it thought was the purchase of a vehicle, that it had seen on an online marketplace.

Interested in buying the vehicle, R has told us that it carried out a vehicle check and also looked up the company who was selling the vehicle on Companies House. R has said everything checked out and that during conversations with the seller they sounded professional. R has said it didn’t go to see the vehicle in person, as it was over three and a half hours away.

Believing everything to be genuine, R agreed to purchase the vehicle. R has said it did ask to pay by credit card, but the seller advised they weren’t able to accept that method of payment. An initial holding payment was made for £1,500, from a personal account held by one of R’s directors, but that payment doesn’t form part of this complaint.

Following this the seller asked R to pay £6,750 (being 50% of the remaining balance), in order to secure the vehicle and so that the seller could arrange for the vehicle to be transported and delivered. R agreed to this and, on 20 January 2022, sent a payment for £6,750 to the account details provided.

But the following day, the seller contacted R again. It said there was an issue with the insurance for the transportation of the vehicle, in that the delivery driver was under 25 and so the insurance policy wouldn’t cover things, unless the vehicle had been paid for in full. So R was asked to pay the remaining balance. Still believing everything to be genuine, R went ahead and, on 21 January 2022, made a further payment for £6,750. R has said it received invoices from the seller, to confirm the payments had been received.

R became suspicious and realised it had been scammed when the vehicle was not delivered as agreed, and when further contact with the seller was blocked. Unknown to it at the time, it had been dealing with fraudsters and had sent payments to accounts that the fraudster controlled.

R raised the matter with NatWest. NatWest is a signatory of the Lending Standards Board Contingent Reimbursement Model CRM Code (the “CRM Code”). The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

NatWest looked into R’s complaint and issued its final response in March 2022, upholding the complaint in part. In summary it agreed to refund 50% of the money R had lost, being £6,750, which was credited to R’s account on 2 February 2022. But it thought R should be

liable for the remaining loss. NatWest also contacted the beneficiary bank (the bank to which the payments were made), to try and recover the money that had been lost. But it was only able to recover £9.30, which was returned to R on 15 March 2022.

Unhappy with NatWest's response, R then brought its complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, he thought R had a reasonable basis for belief when making the first payment for £6,750, so thought NatWest should have refunded this payment in full. But he thought at the time R was making the second payment for £6,750, there was enough going on for R to realise the sale may not be legitimate, so he didn't think NatWest was liable for making any further refund on the second payment. Overall, our Investigator thought NatWest should refund the remaining loss on the first payment, along with interest.

NatWest agreed with our Investigators view. But R didn't agree, it thought it should receive a full refund. As an agreement couldn't be reached, the complaint has now been passed to me for 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.

Having considered things carefully, I'm satisfied that, adhering to the CRM Code, NatWest should have refunded R the full amount of the first payment it lost, of £6,750. I'm not persuaded any of the permitted exceptions to reimbursement apply in the circumstances of this payment. Following our Investigator's view, NatWest has now agreed to refund the remaining loss for this first payment (along with interest), so I don't need to consider this payment further as part of this decision.

When considering the second payment R made, again for £6,750, I do think, by this point, there was enough going on that R ought reasonably to have questioned what it was being told.

I say this because by this point R had already made a payment for £6,750, on top of the £1,500, to secure the vehicle. I'm not persuaded a plausible reason was provided to R about why it was necessary to pay the full balance. I'm mindful that insurance policies do have terms, and these can be around age, but it seems dubious as to why paying the full cost would in some way validate an insurance policy. I think R ought to have proceeded with more caution, especially considering it hadn't seen the vehicle. And I'm persuaded that there were warning signs by now that things may not have been as they seemed.

On balance, when considering the circumstances of the second payment, I can't fairly say R has proceeded to make the payment with a reasonable basis for believing the payment was legitimate. I'm persuaded this was sufficient reason for NatWest to fairly decline to reimburse R with the full amount of this payment, and I think the 50% refund it has already provided for this payment is fair and reasonable given the circumstances.

Finally, I've thought about what NatWest did when R reported the scam. I can see it contacted the receiving bank, but unfortunately only £9.30 remained to be recovered. I don't think NatWest has missed an opportunity to recover the money R lost.

Putting things right

For the reasons outlined above, National Westminster Bank Plc should now;

- Refund R the remaining amount of the loss from the first payment it made, being £3,375.
- Pay 8% simple interest per year on that amount calculated from the date National Westminster Bank Plc originally declined R's claim until the date of settlement.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 23 February 2023.

Stephen Wise
Ombudsman