

## **The complaint**

Miss C complains that National Westminster Bank Plc won't refund a disputed payment made from her current account.

## **What happened**

Miss C says that in December 2021 her phone was stolen while she was on a night out. The next morning Miss C saw she had received an email saying her online banking had been reset and so she contacted NatWest to see what had gone on. NatWest identified that a payment for around £960 had been made from Miss C's account in the early hours of the morning, Miss C says she did not make this payment herself.

NatWest investigated and decided not to refund the disputed payment. It said it could not see how a fraudster would have been able to gain access to Miss C's mobile phone and then to her online banking in order to reset it and add a new device so the payment could be made. NatWest also didn't think that the payment was indicative of fraud.

As Miss C didn't agree with NatWest's decision, she asked us to investigate.

Our Investigator didn't recommend the disputed payment should be refunded. In summary, they felt that there was no plausible explanation for how someone could have accessed Miss C's phone and online banking to make the payment. But the Investigator did think that the poor service Miss C had received on the phone when she first reported the payment merited some compensation, and recommended NatWest pay Miss C £50 to recognise the impact of its service.

NatWest agreed with the Investigator's findings, but Miss C did not, so the case has been referred to me for a final 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.

The relevant law here is the Payment Services Regulations 2017, and broadly speaking Miss C is responsible for any payments that she has authorised (either by making them herself or allowing someone else to) and she isn't responsible for unauthorised payments.

So, the key question here is whether NatWest has acted fairly in concluding that Miss C did authorise the disputed payments.

Miss C says her phone was stolen at around midnight on 3 December 2021. NatWest's records show that Miss C's online banking was then accessed at around 4am on 4 December 2021. Her online banking was logged into using her PIN/password. A new user/mobile device was then enrolled in her online banking, NatWest has told us that in order to re-enrol in online banking the user would have needed:

- *Either* Miss C's customer number and debit card number *OR* her full name, date of birth and post code; then
- Miss C's sort code and account number or her debit card details; then
- For the change to be validated by a one-time payment code being sent to Miss C's existing registered device.

Shortly afterwards this new mobile device was then used to log into Miss C's online banking and to make the payment that is in dispute here. So it seems clear that Miss C's details were used to log into her account and set up the new device so that this payment could be made. But the regulations relevant to this case say that is not, on its own, enough to enable NatWest to hold her liable. So I also need to think about whether the evidence suggests that it's more likely than not that Miss C consented to the payment being made.

From what I've seen, I don't think it's unreasonable for NatWest to conclude that Miss C more likely than not authorised the transactions. Specifically, given that I'm satisfied Miss C's correct online banking details were used to log into her account and that significant personal details would then be needed to add the new device, I can't see how any other party could have got hold of those details. I appreciate that Miss C says her phone was stolen, but even if someone had been able to see her passcode for her phone and then access her phone using that code, that does not explain how they'd have been able to obtain the security details to access her online banking or to get all the details needed to re-enrol in online banking with a new device. So I agree with our Investigator that the information Miss C has given to us doesn't suggest any plausible way that a fraudster could have gained access to her online banking to add the new device.

I appreciate that Miss C has seen various news reports about fraudsters hacking mobile phones and online banking. But I've not seen anything to show that's what happened here, and I'm not aware of any wider issue with the type of phone Miss C had or with NatWest's online banking or mobile app that would have meant it was easy for a fraudster to access the details needed to make this payment.

I also note that the payment itself does not suggest fraudulent activity. Miss C had over £2,000 in her account at the time of the payment, but under half of this was spent and only one transaction was attempted. And while I appreciate Miss C's comment that there was a daily limit on her account for payments from the app of £1,000 before further security would be required, that still means that the payment was around £40 below the limit. That's strange behaviour for a fraudster, who we would expect to try to maximise their profit by spending as much as they could.

Miss C has also commented that the payment was out of character for her account and that it should have been flagged by NatWest as suspicious, but I don't agree that is the case. The payment wasn't large enough to necessarily flag as potential fraud and wasn't consistent with other fraud trends – for example, it didn't empty Miss C's account.

Taking everything into account, I think, on balance, that NatWest was reasonable to conclude that Miss C more likely than not authorised this payment. It follows that NatWest is entitled to hold her liable for it.

I do though agree that the service Miss C was given when she contacted NatWest about the payment could have been better, she was passed around between teams and calls were ended unexpectedly before she was able to get the assistance she needed. I've noted NatWest has agreed with our Investigator's findings that it should pay Miss C £50 in recognition of any distress caused by that poor service. And I'm satisfied that offer is fair in the circumstances.

### **Putting things right**

NatWest should pay Miss C £50, if it has not done so already.

### **My final decision**

I uphold this complaint in part and direct National Westminster Bank Plc to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 January 2023.

Sophie Mitchell  
**Ombudsman**