

The complaint

Mr and Mrs B complain that National Westminster Bank Plc (NatWest) – as the recipient bank, didn't do enough to prevent them losing money to an alleged scam.

Although the payment was made from an account held jointly by Mr and Mrs B, for ease of reading and as he's done most of the correspondence on the complaint, I'll mostly just refer to Mr B where I mean both him and Mrs B.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

In February 2018 Mr B transferred £15,000 from his bank account with 'L' to an account held with NatWest. The payment was to a company called 'F' for investment purposes. Mr B says he received a few interest payments, but these stopped, and he was told F had entered insolvency proceedings. He says he later learned through other investors that F had been operating "a scam". He reported the matter to Action Fraud and complained to NatWest.

In summary he said that NatWest had *"failed to identify that [F] were running a Ponzi scheme"* and that it had missed several *"red flags"*, which could have been raised, or acted upon during both the onboarding and subsequent monitoring processes. And had it not failed, his loss (along with many other investors) would've been prevented. Mr B believes the opening and operation of the recipient account did not comply with NatWest's Know Your Customer (KYC), Customer Due Diligence (CDD) and Anti-Money Laundering (AML) obligations and, for these reasons, the money he'd paid into the recipient account should be refunded plus interest at 8% per annum. He also asked NatWest to share with him some information about the recipient account.

NatWest didn't uphold Mr B's complaint. In short, it said that it couldn't agree that there had been an error in the opening or monitoring of the recipient account. It recommended Mr B contact his own bank – L and/or the liquidators dealing with F's assets. It also said that it couldn't share, with Mr B, information about the recipient account due to data protection regulations.

The matter was referred to our service. Our Investigator didn't think we could consider all of Mr B's complaint. She explained the relationship under which we could consider Mr B's complaint, that being DISP 2.7.6R(2B) only applies in relation to a complaint concerning an act or omission which occurred on or after 31 January 2019. She said for these reasons she couldn't consider Mr B's complaint points about the due diligence carried out by NatWest when onboarding its customer or whether NatWest failed to prevent Mr B's loss (in relation to the receipt and paying away of his funds) as all these acts took place before 31 January 2019. And for the aspects of Mr B's complaint which our service can consider (NatWest's response when Mr B notified it of the alleged fraud in 2023), she didn't recommend the complaint should be upheld.

Mr B asked for the complaint to be reviewed by an Ombudsman. He disagreed with the Investigator's outcome and made further submissions in support of his complaint. These largely focussed on why he believes he's been the victim of a scam; his concerns about the KYC and CDD checks NatWest carried out when onboarding F; and NatWest failing to meet their ongoing monitoring obligations under The Money Laundering Regulations 2007 and The Payment Services Regulations 2017. Therefore, for the avoidance of ambiguity and so that both parties would be clear about the scope of what we can and can't look into I issued a jurisdiction decision first, setting out the extent of Mr B's complaint I can consider. And this decision is only about the aspects of Mr B's complaint I do have the power to investigate.

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.

From what I can see L has not sent notification of alleged APP fraud to NatWest. It wasn't until 2023 (which was several years after the payment was made) that Mr B informed NatWest that he believes the payment he made to F was as a result of an alleged scam. I'm satisfied NatWest's response suggesting a way forward would be for Mr B to contact his own bank – L, from where the payment originated and/or the liquidators dealing with F's assets, was appropriate. Nor was it unreasonable for NatWest to inform Mr B that it couldn't share with him information about a third-party account. And at that point, there wasn't much more that NatWest could reasonably have done to assist in the recovery of Mr B's funds as these funds were no longer in the account at the time Mr B put NatWest on notice.

So in summary, there isn't a fair and reasonable basis upon which I can ask NatWest to do more (within the context of my jurisdiction) to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 24 April 2024.

Sonal Matharu
Ombudsman