

The complaint

(Although Mrs S and Mr S brought this complaint to us jointly, only Mr S was involved in most of the significant events. So, where relevant, I have referred to him alone).

Mrs S and Mr S hold a joint current account with National Westminster Bank Plc. During January 2022, a female fraudster contacted Mr S through social media.

The fraudster persuaded Mr S to invest over £32,000 in cryptocurrency from the account with NatWest. He sent the money in five separate payments. The investment turned out to be fraudulent. Mr S thinks that NatWest should have stopped him sending the money. It didn't, so he wants it to refund him the money he lost and add interest.

What happened

The fraudster told Mr S that a mutual friend had suggested she contact him. Over several months, she built up a friendly relationship with him and gained his trust.

The fraudster appeared to be wealthy, with a good knowledge of investments. She persuaded Mr S to invest in cryptocurrency. She showed him how to do it and helped him create an account (the first crypto account) with a company she said traded in such currencies. Between mid-June and mid-July 2022, Mr S invested just over £24,000 in this account.

Mr S also invested around £8,000 in another account (the second crypto account). Again, he did so at the behest and recommendation of the fraudster.

I have provided more details of the five payments below.

Payment number	Date	Amount	Payee (*)
1	20 June 2022	£1,015.00	Personal account in Mr S's name (the first crypto account)
2	27 June 2022	£8,330.69	Personal account in Mr S's name (the first crypto account)
3	30 June 2022	£8,416.13	Personal account in Mr S's name (the first crypto account)
4	4 July 2022	£8,479.75	The second crypto account (not in Mr S's name).
5	20 July 2022	£6,390.91	Personal account in Mr S's name (the first crypto account)
		Total: £32,632.48	

() Mr S and NatWest have disagreed about the precise names of the payees, particularly whether Mr S's name featured in the first crypto account. NatWest has said it did and Mr S has said it didn't. I'm satisfied from NatWest's evidence that it did. However, the fraudster, not Mr S, had control of both accounts.*

After making the fourth payment, Mr S tried to get his money out of both crypto accounts, but he couldn't. The fraudster told him the value of the cryptocurrency had collapsed and he would have to make a further payment to clear the accounts. He believed her and sent payment 5. But he still couldn't get any money back. On 22 July 2022, he reported the fraud to NatWest. It tried to recover the money for him and was able to retrieve £6,361.45, which it has sent back to him.

I previously sent Mrs S and Mr S and NatWest a provisional decision on this complaint. In that provisional decision, I told both parties that unless they had any new information or comments which would change my mind, I intended to tell NatWest to compensate Mrs S and Mr S for their loss.

The time I allowed for comments has now passed. Mrs S and Mr S have told us that they agree with my provisional decision, but NatWest has not responded.

As I have nothing new to consider, I have not changed my mind and my final decision is the same as my provisional decision. I will explain it in full, but what follows is largely a repeat of what I said in my provisional 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.

Frauds of the type perpetrated on Mr S are often called Authorised Push Payment (APP) frauds. They involve fraudsters tricking their victims into sending money from the victim's own account into an account the fraudsters control in return for goods or services, or a romantic relationship, or an investment opportunity, which never existed. The fraudsters persuade their victims to instruct their banks (or other payment service providers) to send the money, usually (but not always) using fast online payment methods.

While banks are normally expected to act on their customers' instructions, APP fraud is a significant concern in the finance industry. At the time this fraud took place, I would have expected NatWest to be looking out for anything noticeably unusual about the payments its customers were making. And if it saw anything suspicious about a payment, or a pattern of payments, I would have expected it to check with the customer concerned before proceeding.

The fraudster in this case appears to have been very sophisticated and to have presented Mr S with a lot of convincing, but fake, information to persuade him that the investment opportunity was genuine. Mr S has also told us that the fraudster tried to build a false romance with him. Despite this, Mr S seems to have had some doubts that the investment was legitimate and a few days before making the first payment he visited one of NatWest's branches for advice.

Mr S seems to have been reassured by the meeting with NatWest that he had nothing to worry about and went ahead to make the payments. He's told us that he asked if he could send the money from the branch, but NatWest advised him to go home and do it online as this would be cheaper for him. NatWest did not make any further contact with him about any of the payments

NatWest seems to have broadly accepted Mr S's description of what happened during the meeting. It has told us that at the time it had "*no reason to deem anything suspicious*". It has also said that the payments Mr S made were not unusual and so "*no security checks were generated*". It has also told us that it "*can find no evidence that (Mr S) asked for scam education*".

Clearly, Mr S did have some concerns about what the fraudster had told him when he went to the branch. He's told us that while he was there he spoke to three different people, who he has described as an adviser, a senior adviser and a manager. He's told us that during the meeting NatWest said there were "*no red flags*" about the investment. I gather NatWest also suggested that he should only send a small amount initially so he could see if it reached its destination safely.

I do not agree with NatWest's view that there was nothing suspicious at the time of the meeting. And while I'm sure its advice that initially he should only make a small payment was well intended (and in some situations may well have been useful), I doubt it would have helped identify this fraud, as the fraudster would almost definitely have arranged the accounts so any payment would reach her.

I accept that Mr S may not have explicitly asked for "*scam education*", but I think his visit to the branch was effectively the same thing. Obviously, I can't tell *exactly* what was said during the discussion. But Mr S hadn't invested in cryptocurrency before, so this was new and unusual for him. Furthermore, a letter NatWest sent to Mr S *after* the fraud contained a paragraph (which seems to be standard text) with a warning about cryptocurrency scams of pretty much the type to which Mr S had fallen victim. I also think that although the term "*red flag*" may have a limited technical meaning within NatWest, it's unlikely Mr S would have known about these technicalities; and would have taken NatWest telling him there weren't any such flags as advice that the opportunity was legitimate rather than fraudulent.

NatWest has told us that it declined to refund Mr S any money, because he didn't "*carry out the correct level of due diligence*". But I think that by seeking NatWest's help, going into its branch and speaking to three different people, Mr S fully met any reasonable requirement for diligence from a customer.

Given the circumstances of the meeting, it seems to me that NatWest should have provided Mr S with “*scam education*” then and there and warned him that the investment opportunity the fraudster had told him about could well be fake. Had it done so, I think it’s very unlikely that Mr S would have gone ahead with the investment. I therefore think that in the particular circumstances of this complaint, NatWest should take responsibility for Mrs S and Mr S’s loss and put things right for them.

Putting things right

To put things right for Mrs S and Mr S, NatWest should:

- refund them each of the five payments,
- add 8% per year simple interest to the refunds, from the date of the payment until the date it makes the refund.

NatWest may, of course, deduct the amount it has already recovered (£6,361.45) from the final payment it makes to Mrs S and Mr S.

My final decision

For the reasons I set out above, I am upholding Mrs S and Mr S’s complaint about National Westminster Bank Plc. If Mrs S and Mr S accept this decision, NatWest should put things right for them by paying them the compensation I have already described.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S and Mr S to accept or reject my decision before 7 March 2024.

Steve Townsley

Ombudsman