

## **The complaint**

Mr D complains that National Westminster Bank Plc (“NatWest”) has failed to refund the £10,000 he says he lost to an investment scam.

## **What happened**

Both parties are familiar with the details of the scam, so I will provide only a summary here. Mr D was introduced by a friend to a crypto investment firm that I will call B.

It seems that Mr D subsequently sent £10,000 in February 2021 via transfer to an account with a different firm. Mr D says these funds were then sent to a representative of B who set up an account for him.

Mr D says he received £5,000 back from his “investment” he says he was unable to make any further withdrawals. My understanding is that since then, B has collapsed. It was widely reported online that B was running a Ponzi style scheme. More recently, the founders of B have been charged with fraud.

Our investigator did not uphold the complaint. They thought that due to the way Mr D was introduced to B, via a friend, and due to the lack of negative information about B at the time, any intervention from NatWest would likely not have uncovered a scam.

Mr D did not agree, so the complaint was passed to me to issue 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.

Firstly, I should explain that I have considered all the points that both parties have raised. But I will not address each of them in this decision, instead I will address the points that I think are most relevant to my decision. This isn’t intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The starting point is that Mr D is generally liable for payments that he’s authorised. And, as the Supreme Court has reiterated in *Philipp v NatWest Bank UK PLC*, banks generally have a contractual duty to make payments in compliance with the customer’s instructions. It is not for the bank to concern itself with the wisdom or risk of its customer’s payment decisions.

There’s no dispute here that Mr D authorised the payment he made to B so he is liable at first instance. However, that isn’t the end of the story. The relevant regulations and industry guidance makes it clear that banks should fairly and reasonably be monitoring accounts in order to protect consumers from the risk of financial harm, including fraud and scams. But the expectation to warn customers of the risk of such financial harm will only reasonably have been engaged if there were sufficient grounds for suspecting the payee was a fraudster.

Mr D's representative has raised a number of points that it believes mean that NatWest should have intervened and prevented the payment. Taking everything into consideration I do think NatWest should have intervened and asked questions about the payment in question.

That said, I would need to consider what would likely have happened had an intervention occurred. NatWest do not have a duty to provide financial advice when a consumer attempts to make a payment or prevent people from investing in risky investments.

So, I would need to be satisfied that there were concerns that B was operating a scam when Mr D made the payment from his NatWest account in February, in order to expect NatWest to have done anything further here. I've considered what the official organisations that publish warnings about merchants that operate in the UK and abroad may have said at the time. This includes the Investor Alerts Portal of the International Organisation of Securities Commissions ("IOSCO"), as well as the FCA's own warning list. These watchlists, along with other reputable sources, lead me to believe that there were no warnings about B at the time Mr D made his payments. Though I can see that a warning was added by the FCA the following month.

At the time Mr D made his payment, B was or at least appeared to be a legitimate crypto investment fund that invested in a variety of crypto coins with the aim of providing a return for its investors. I can't see anything negative about B online, around the time that Mr D made his payment, that would have made NatWest aware that B was not legitimate.

Overall, I'm not persuaded that there was any reason for NatWest or Mr D to have been aware that B was fraudulent or operating a scam at the time of the payment. So had NatWest intervened, I don't think that it would have been aware there were any issues with the payment and therefore I don't think that the payment would have been stopped. Nor do I think a general warning would've made Mr D reconsider whether he should make the payment, given that as far as he was aware at the time, investing in B was a genuine investment opportunity.

Ultimately, I'm not persuaded there was anything suspicious at the time that ought reasonably to have concerned NatWest.

I've also thought about whether NatWest ought to have done anything to recover the funds after Mr D reported his loss. Mr D didn't dispute the payment with NatWest for some years after the transactions. Given B has since become insolvent, it would be highly unlikely NatWest could have recovered any funds, particularly given it was several years after the payments had been made. NatWest also wouldn't have been under any obligation to consider refunding the payment under the Contingent Reimbursement Model (CRM) Code either, given the payment seems to have been made to an account in Mr D's own name. I can see that Mr D's representative has indicated that the funds were not sent to an account in Mr D's own name and were sent directly to the scammer. But from the evidence that I have been provided with, including a Confirmation of Payee match, I am satisfied that the funds did go to an account Mr D held with a different provider.

Ultimately Mr D was sending funds for an investment that wasn't a known scam or fraud at the time. I accept with the benefit of hindsight, it may not have been operating correctly, but NatWest was not to have known this at the time, so I don't think it did anything wrong in allowing the payment.

I appreciate this will likely come as a disappointment to Mr D, and I'm sorry to hear he has lost a significant amount of money. However, in the circumstances, I do not consider it would be fair and reasonable to hold NatWest liable for his loss.

**My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 February 2025.

Charlie Newton  
**Ombudsman**