

## **The complaint**

Mr N complains that National Westminster Bank Plc (NWest) blocked a payment to a crypto exchange.

## **What happened**

On 19 November 2023, Mr N attempted to make a payment of £8,000 to a crypto exchange (which I will call 'A'). NWest blocked the payment and it wasn't made.

Mr N complained. He said (in summary):

- the block was illegal and unwarranted.
- He travelled to a branch of NWest and provided his ID and proof of his account with A.
- He showed proof that he had made a payment of £1 to A and it had arrived at the account at A.
- A was a USD30Bn company and was reputable.
- He had called NWest in advance of the payment to advise the bank what he was doing.
- It was his money and he could do what he liked with it. It wasn't for NWest to prevent him from trading in crypto currencies.
- Because the payment wasn't made, he lost out on a profit opportunity of £8,960 – as the investment wasn't made.
- If the ombudsman service declined his complaint, he will pursue legal action against NWest.

NWest didn't uphold Mr N's complaint and said:

- The block on payments to crypto exchanges was because of the bank's concerns about the amount of fraud taking place – customers are losing millions of pounds each month.
- NWest have therefore introduced limits on payments to crypto exchanges.
- They referred to a number of regulatory warnings about the risks associated with crypto currency investments.
- The terms and conditions of Mr N's account do allow for payments to be stopped if the bank considers it necessary.
- NWest initially paid compensation of £30 for the inconvenience experienced by Mr N. But in a later conversation with Mr N, he declined to accept this and NWest removed it from his account on 15 December 2023.

Mr N brought his complaint to us and our investigator didn't uphold it. She highlighted NWest's announcement that they restrict payments to crypto exchanges to £1,000 per day, and £5,000 in any 30-day period. She said our service can't insist that NWest change its policies. She couldn't see that Mr N made the payment of £8,000 using another bank, so he didn't try to mitigate the impact of what happened either.

Mr N didn't agree and asked that an ombudsman look into his complaint, and so it has come to me to make a final decision. He asked that I listen to the call he had in advance of the payment – when he says he was told it would be made without any problem.

### **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.

Let me say at the outset that this service resolves individual disputes between customers and financial businesses. We are impartial and don't act for one side or the other. We aren't the regulator of NWest – that's the Financial Conduct Authority (FCA). So – we don't tell businesses to change their policies or practices.

So – here, it's for NWest to make its own commercial decisions as to how it runs its payment business and manages the associated risks. But we do say if a customer has, or hasn't, been dealt with fairly and reasonably – based on the individual circumstances of their complaint.

I understand Mr N's frustrations he feels and have considered his complaint carefully. He says he's missed out on profits of almost £9,000 – which I can appreciate is possible, given the volatility of crypto currency prices.

But equally, I must also say that fraud and scams associated with payments to crypto exchanges are common. Let me explain a little more. Typically, what happens with investment scams is that a fraudster convinces a customer to make a crypto investment (and promises attractive profits). A payment is then made to a crypto exchange (such as the one used by Mr N). And the fraudster (or the customer, acting under instruction from the scammer) then makes a payment from the crypto exchange to a fake investment website. And the customer loses their money.

There has been much coverage in the media about such scams.

As a result, a number of banks have taken precautions to protect customers – even where the payment is apparently going to an account in their name with the crypto exchange.

And here, NWest have published a policy. Its website states *“NatWest is increasing customer protection against crypto-criminals after £329m was lost by consumers last year.... A daily limit of £1000 and a 30-day payment limit of £5000 to cryptocurrency exchanges is being implemented to help protect customers losing life changing sums of money...”*

*Cryptocurrency scams are often advertised online offering high returns on investments. Criminals play on a lack of understanding of how cryptocurrency markets work and their unpredictability, to encourage investors to transfer money to exchanges, which are often set up in the customer's own name by the criminal or by the victim, under duress from the criminal.... Cryptocurrency isn't protected by the UK's Financial Services Compensation Scheme and most aren't regulated by the Financial Conduct Authority.”*

So – NWest's policy is clear. And it's likely that Mr N's payment was blocked because of it.

I then checked NWest's terms and conditions. These say the bank can stop a payment - they say: *"5.3 Limiting the use of your account or your services ...We may suspend or restrict the use of your accounts, or certain services (such as your debit card or online banking) if:....we reasonably believe it's appropriate in order to protect your account..."*

And as I've explained, our service can't insist that a bank changes its policies or operating processes.

I listened the call between NWest and Mr N on 19 November 2023. Mr N was asking that the payment be made – as it had been blocked. NWest's call handler advised Mr N about the bank's policy in restricting payments for crypto investments and referred also to the terms and conditions quoted above. She repeated NWest's policy several times. Mr N didn't accept what she said – and this then led to his complaint.

Mr N says he called NWest ahead of trying to make the payment and was told it would go through. I asked NWest for this call – and they said there wasn't such a call to listen to.

I've gone on to consider what effect such a call would've had on Mr N's complaint. And – it wouldn't change the outcome – as NWest's policy and terms and conditions would still be applied when Mr N attempted to make the payment. So - it would still have been blocked. It's also the case that each payment would be looked at the time of it being made, regardless of any earlier call. So, I set aside Mr N's argument here.

I hope Mr N will appreciate what I have said and the difficult balance that banks sometimes must make when trying to protect customers from certain risks, while at the same time providing a service.

Therefore, while I know Mr N will be disappointed by my decision, and likely won't agree with it, I am not asking NWest to do anymore here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 May 2024.

Martin Lord  
**Ombudsman**