

The complaint

Miss S is unhappy that National Westminster Bank Plc (“NatWest”) won’t reimburse her money she lost as a result of being a victim of fraud.

What happened

As both parties are familiar with the circumstances of this complaint, I’ve summarised them briefly below.

Miss S was shopping for goods on an online platform when she was approached by a seller and told she could get the items she was looking for cheaper.

The seller told Miss S that she could get the goods she was looking for directly from the factory at wholesale price, but she had to purchase them outside of the online shopping platform she was searching on. Miss S agreed and started communicating with the seller via an online messaging platform.

The seller instructed Miss S to make two payments via a third-party online payment service provider. These payments were then debited from her NatWest account, by the third-party payment service, using the Direct Debit scheme. The debits were as follows:

1. £137.99 on 9 August 2023
2. £172.99 on 14 August 2023

Miss S was sent a tracking reference number by the seller for the delivery of her goods. But when this appeared on the tracking website as delivered, she became suspicious as the items hadn’t been received. She enquired with the delivery company who referred her to the initial seller, but the seller didn’t respond. At this stage, Miss S realised she’d been defrauded.

She contacted the third-party to which she made the initial payment but didn’t get a response. So she contacted NatWest to dispute the payments.

NatWest looked into Miss S’s complaint but didn’t uphold it. It told her that the primary complaint needed to be made against the service in which she made the payments. It added that it had no right to claim the funds back through the Direct Debit Guarantee scheme, as no error had been made in the payment being debited.

Miss S remained unhappy with the way in which she’d been treated by NatWest as she felt it didn’t take her complaint seriously and lacked empathy in its handling of her claim. So, she brought her complaint to our service for an independent review.

The complaint was looked into by an Investigator who concluded NatWest had made no error in its response to Miss S’s complaint. Broadly, they concluded that NatWest wasn’t party to the transaction that ultimately led to the fraudster being paid. And it was unable to reclaim the money via the Direct Debit Guarantee as there was no error in the third-party payment service instructing the debit of the funds.

Miss S disagreed with the Investigator's assessment. While she acknowledged that the Direct Debit Guarantee would not be possible, she felt NatWest lacked empathy and failed to even recognise this as an issue of fraud.

As Miss S has disagreed with the Investigator's conclusions, the matter has now been passed 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.

Firstly, I'd like to acknowledge the fact that Miss S has clearly been impacted both financially and emotionally by the callous fraud that has been committed against her. But I must also point out that my role is to establish if NatWest has made an error in the way it handled Miss S's payments and claim.

The payments made to the fraudsters weren't made through Miss S's NatWest account, they were made via a third-party business not subject to this specific complaint. As NatWest wasn't a party involved in the payment process itself, I don't consider it had any obligations in identifying a fraud risk to Miss S.

Miss S had authorised the third-party to debit payments from her NatWest account under the Direct Debit scheme, and this was done on the 9 and 14 of August 2023 to pay for the payments that had been made using its platform.

The only way in which NatWest could recoup Miss S's funds back from the third-party business would be via the Direct Debit Guarantee scheme. NatWest is responsible for reimbursing funds collected in error by the third-party company. But the Guarantee only covers certain errors, such as:

- The incorrect amount taken
- Amounts taken on the wrong day
- Direct Debits taken by a fraudulent firm or person

With regards to this complaint, none of the above apply to Miss S's circumstances. Miss S hasn't claimed that either the incorrect amount was taken, nor that they were debited on the wrong date. And it is not in dispute by any parties subject to this complaint that the third-party business that debited the amounts was not operating fraudulently.

The Guarantee goes on to specifically set out that it doesn't cover instances where a customer has a dispute with someone, such as the non-provision of goods or services, or where the customer has received poor service from the party claiming that Direct Debit payment.

Taking into account the above factors, NatWest were correct in informing Miss S that it was unable to raise an indemnity under the Direct Debit Guarantee. So I don't find it has made an error in the way in which it handled Miss S's claim and complaint.

I've also seen no error with the way in which NatWest communicated with Miss S as part of that complaint. NatWest has responded to Miss S's concerns in good time, signposted her to the third-party business which processed her payments and shown empathy in its response to her complaint, by apologising for any distress caused by it not being able to retrieve the funds.

I am truly sorry that Miss S has been a victim of fraud here, but overall, I don't find NatWest has made an error.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 July 2024.

Stephen Westlake
Ombudsman