

The complaint

Mr M complains that National Westminster Bank Plc trading as Ulster Bank (Ulster) won't refund money he lost in an investment scam.

What happened

What Mr M says:

Mr M has a business account and a personal account with Ulster. He suffered an investment scam on his personal account and after bringing that complaint to our service, it was agreed that Ulster refund 50% of his losses – a refund of £4,460, plus interest at 8% per annum simple.

This complaint relates to another scam; on Mr M's business account. In July 2022, he was considering investing in shares and was especially interested in large global stocks. He made some online inquiries and was contacted by a 'tutoring' service whose people then started to 'educate' Mr M on the markets.

He was taken in by the 'tutors' and persuaded to make a number of investments to an investment website. The payments were sent to an overseas bank in Lithuania, and for the credit of the investment firm. Correspondence was by WhatsApp chats. He told us he expected to make returns of 5-10% at the outset.

The payments from Mr M's business account were **(continued)**:

Payment no.	Date	Payment	Amount
1	30 August 2022	Online international payment - euros	£4,974.72
2	14 September 2022	Online international payment - euros	£8,856.22
3	20 September 2022	Online international payment - euros	£8,942.03

	22 September 2022	Credit euro 2,000	(£1,705.24)
4	27 September 2022	Online international payment - euros	£13,716.91
5	28 September 2022	Online international payment - euros	£13,741.86
	Total loss		£48,526.50

Mr M was encouraged to invest more. At one point, he said his investments were worth euro277,000; and he made a successful withdrawal of euro2,000. So, he thought the opportunity and investments were genuine.

However, when he wanted to make further withdrawals, he was met with excuses and delays and nothing was repaid. He was then blocked from the WhatsApp chats. The investment website and 'fund' proved to be fake.

Mr M complained to Ulster on 7 November 2022. He says:

- He was vulnerable at the time as his mother was ill, and his son also had health problems.
- Ulster didn't intervene in any of the payments. If they had, the scam would've been uncovered and the payments not made.
- The payments were unusual: the largest prior payment made by him was £3,000, and typically payments were to suppliers.
- The scam payments were international payments to an overseas bank – this was unusual.
- In the scam, more than £50,000 was sent to an international payee, and in a short period of time. This was unusual.
- He could see his investments on a professional looking website.
- He made a successful withdrawal which gave him confidence all was genuine.
- The scam firm apparently employed genuine investment advisors.
- He had no knowledge of the FCA's checking website, and if Ulster had intervened, they could've pointed him to that.
- He was unfamiliar with investing.

Mr M says Ulster should refund the money he's lost, plus 8% per annum interest.

What Ulster said:

- Ulster didn't agree to refund any of the money.
- The Contingent Reimbursement Model Code (CRM) Code didn't apply as the payments were made to an international payee.
- The payments were made in line with the customer's authority.

- The bank would've sent a warning message on online banking to beware of scams. Mr M would then have had to agree to make the payments after reading it.
- There were general warnings about scams in branches and on the bank's website.
- The payments didn't trigger in the bank's systems as being unusual. Therefore, they were allowed to go through.

Our investigation so far:

Mr M brought his complaint to us. Our investigator upheld it and said Ulster should refund the fourth and fifth payments, less 50% deduction for contributory negligence on the part of Mr M.

She said the first three payments wouldn't have needed investigation by Ulster as they were from a business account – used for larger payments in general. She said Mr M should bear some responsibility as:

- The returns were too good to be true – the website showed the fund was worth euro277,000 at one point.
- The service which contacted Mr M was a tutoring service – not a financial advisory one.
- He should've done more research before deciding to invest.
- The WhatsApp chats with the scammers showed he was concerned about being scammed, but still went ahead.

Ulster agreed with our investigator, but Mr M didn't. He said the payments were so unusual and should have been intercepted by Ulster. So, the complaint has come to me to look at.

Responses to the provisional decision:

Both Mr M and Ulster accepted the provisional decision's findings. **(continued)**

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.

As both Mr M and Ulster accepted the provisional decision's findings, my final decision is unchanged from them. So, Ulster must refund the payments from the second one onwards, less the refund received. And less a deduction of 50% for contributory negligence.

My final decision

I uphold this complaint. National Westminster Bank Plc trading as Ulster Bank must:

- Refund £21,775.63 plus 8% per annum simple interest from the date of the payments to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 May 2024.

Martin Lord
Ombudsman