

The complaint

Mr H complains that National Westminster Bank Plc won't refund the money he lost when he was the victim of a scam.

What happened

In September 2023, Mr H met a woman on a dating website. They started talking and their relationship developed to the point where they were talking most days and Mr H thought they were in a romantic relationship.

Sometime after they started talking, the woman mentioned she had made money investing in cryptocurrency and offered to teach Mr H to invest too. And as Mr H trusted the woman at this point, he agreed. The woman then helped him to open an account with an investment company she used and to purchase cryptocurrency to pay into the investment.

Mr H then made a number of payments from his NatWest account, some to purchase cryptocurrency directly and some which were sent to an account he held with another bank before being used to purchase cryptocurrency from there. I've set out the payments Mr H made from his NatWest account below:

Date	Details	Amount
12 September 2023	To cryptocurrency exchange	£100
13 September 2023	To cryptocurrency exchange	£1,000
15 September 2023	To cryptocurrency exchange	£1,000
15 September 2023	To account with other bank	£4,000
18 September 2023	To account with other bank	£5,000
18 September 2023	To account with other bank	£5,000
18 September 2023	To cryptocurrency exchange	£1,000
19 September 2023	To account with other bank	£6,000
27 September 2023	To account with other bank	£5,000
28 September 2023	To account with other bank	£6,000
28 September 2023	To account with other bank	£6,000
4 October 2023	To account with other bank	£10,000
9 October 2023	To account with other bank	£600
11 October 2023	To account with other bank	£24,000
13 October 2023	To account with other bank	£900

Unfortunately, we now know the woman and the investment company were scammers. The scam was uncovered after Mr H tried to withdraw some of the money he was told he had made, but was told he had to pay a number of fees before he could do so. Despite paying some fees, Mr H was told he had to pay further fees before he could withdraw and so realised he had been the victim of a scam.

NatWest investigated but said it was satisfied it had acted in accordance with its legal and regulatory obligations. So it didn't agree to refund the money Mr H had lost. Mr H wasn't satisfied with NatWest's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected NatWest to have done would have uncovered the scam or prevented Mr H losing the money he did. So they didn't think NatWest should have to refund the payments he made. Mr H disagreed with our investigator, so the complaint has been passed to me.

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.

Banks are expected to make payments in line with their customers' instructions. And Mr H accepts he made the payments here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payments. And so the starting position in law is that NatWest was obliged to follow his instructions and make the payments. So Mr H isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think NatWest should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which account providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But, even if NatWest had identified that Mr H was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

NatWest spoke to Mr H about one of the payments he tried to make during this time. It explained it was asking him questions to try to protect him from fraud and scams, and said it had seen an increase in the number of customers being asked to lie to their banks or to change the reason for a payment to have it authorised. It then asked Mr H whether he had been asked to lie or change the reason for the payment to have it authorised, and Mr H answered that he hadn't. Mr H then said that he was doing all this himself and that no-one was asking him to make the payments.

But from what I've seen of his communication with the scammer, Mr H was being guided and coached through the payments he was making and his interactions with his banks by the scammer. The scammer told him to make a series of smaller payments, rather than one large payment, because otherwise his bank won't allow it and the payment would fail. He was also told not to tell his bank he was trading or that he was being guided on what to do, and to say he was buying assets for long term investment instead. And, when payments were held for checks, the scammer encouraged him several times to just tell his bank to let him use his money as he wants and that they shouldn't stop him.

The scammer also tells Mr H not to tell his family or friends about the trading he is doing, as they might try to warn him against it. And Mr H doesn't question this and appears happy to do so.

From what I've seen of his communication with other banks he moved money from as part of this scam too, Mr H also gave misleading or incomplete information in response to questions he was asked by those banks.

So even if NatWest had asked more probing or in-depth questions about the payments Mr H was making here, I think Mr H would likely not have given it accurate or complete information about the purpose of the payments or the circumstances surrounding them – as happened with the questions he was asked by both NatWest and the other banks involved. And so I don't think NatWest would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr H from making the payments or losing the money he did.

I appreciate that Mr H has been the victim of a cruel and sophisticated scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at NatWest's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected NatWest to have done would have prevented the loss he suffered.

And so I don't think it would be fair to require NatWest to refund the money Mr H has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 November 2024.

Alan Millward
Ombudsman