

The complaint

Mr M complains about National Westminster Bank Plc (NatWest).

He says that NatWest didn't do enough to protect him when he became the victim of a scam and would like NatWest to refund him the money he has lost as a result.

What happened

Mr M unfortunately fell victim to a cryptocurrency investment scam. The scam began when Mr M received a message from an individual through an app who said that they were making money via cryptocurrency, and that Mr M could do the same.

Under direction from the individual, Mr M opened an account with a well-known crypto exchange and attempted to make a payment from his account with NatWest, but this was declined. Mr M then moved money from his account with NatWest to an account he held with another bank, R, and from here to the crypto exchange. Mr M believed the funds were then added to his own trading portal – but this was a fabrication – and the money was lost when it was transferred from one crypto wallet to another.

Mr M made the following payments.

Payment	Date	Payment type	Amount
1	14 June 2023	Transfer to R	£5,500
2	15 June 2023	Transfer to R	£8,000
3	8 January 2024	Transfer to R	£3,850
4	8 January 2024	Transfer to R	£100
5	8 January 2024	Transfer to R	£1880
		Total transfer	£19,330
		Total onward loss	£18,001

However, when Mr M attempted to withdraw his funds, he was unable to do so, and realised he had been scammed.

Mr M made complaints to NatWest and R, but neither business upheld his complaint.

Unhappy, he brought both complaints to this Service.

Our Investigator looked into things, and thought that NatWest should refund 50% of the first payment Mr M made, and that liability for the remaining loss should be shared between NatWest, Mr M and R.

R asked for a final decision to be made on the complaint Mr M brought against it – so as both complaints are inextricably linked, I will be issuing a final decision on both complaints.

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.

Having done so, I've decided to uphold this complaint in part, for broadly the same reasons as our Investigator.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr M authorised the payments in question – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, NatWest should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider 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 banks 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.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether NatWest acted fairly and reasonably in its dealings with Mr M when he authorised payments from his account or whether it could and should have done more before processing them.

NatWest intervened on the initial payment Mr M attempted to make directly from his account to a crypto exchange, and it has provided a recording of the call that took place.

During this call, Mr M told NatWest that he was making a payment to a crypto exchange, but although it told him that it didn't allow payments to crypto due to the prevalence of scams associated with this type of payment – it didn't go any further in explaining what these types

of scams were or set out how common crypto scams work, or ask Mr M any further questions either.

Mr M then went on to make a transfer to his account with R, in order to facilitate the onward payment to the crypto exchange. NatWest again called Mr M to ask what he was doing – again he was honest about where he was moving the money to, and why he was doing it. But while NatWest should have been well aware of how crypto scams work, especially involving the transferring of funds to another bank, such as R, it allowed the payment to go through with no warnings or further questioning.

I think that NatWest missed the mark on both of these occasions – Mr M was open about what he was doing, and I don't think he would have hidden any important details from NatWest had it asked him more questions about why he was investing in crypto at this time. Had it done more, I think it could have quickly uncovered the scam, and warned Mr M about what he was doing, and I don't think he would have ignored such a warning from his trusted bank. So, I think it could have prevented the loss from the first payment.

Should Mr M bear responsibility for the loss?

Having thought about this carefully, I do think that Mr M wasn't as careful as he should have been before parting with his money. He received an unsolicited message about a crypto investment and received no paperwork in relation to his supposed investment. Additionally, while Mr M says that he went online to look into the company he thought he was investing in, and found no negative reviews, there was information available at the time that suggested that there was a high risk associated with the app Mr M downloaded. I also think that the returns Mr M was told he could achieve were unrealistic and should have given him cause to think that they were too good to be true.

So, taking everything into account, I think Mr M should take some responsibility for the loss.

Summary and putting things right

Overall, I think that NatWest didn't do enough as it should have done to prevent the losses that Mr M has suffered – and I don't think that Mr M took enough care as he should have done.

As I have previously explained, Mr M has also brought a separate complaint against R to this Service – which I have also considered, and upheld in part against R. Where multiple banks, and the consumer themselves could have done more, I think it would be fair for them all to bear some responsibility for the loss.

And so, in this case, I think it would be fair for NatWest to refund Mr M 50% of the initial payment of £5,500. It should also refund Mr M 33% of the remaining loss of £12,501 Mr M suffered – with the remaining 66% to be shared between Mr M and R.

On top of this, it should pay Mr M 8% simple interest (less any lawfully deductible tax) from the date the payments left Mr M's account to the date of settlement.

My final decision

I uphold this complaint in part. National Westminster Bank Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 January 2025.

Claire Pugh
Ombudsman