

The complaint

Mr P complains that National Westminster Bank Plc failed to help him after he reported falling victim to a scam.

What happened

Mr P and his wife were looking to buy a used car and found one they liked on Facebook Marketplace, advertised by a private seller.

Mr P contacted the seller and received an email from someone purporting to work for a company involved in the selling of used cars. But Mr P had found an advert posted by a scammer, and it was them that had gotten in touch.

The scammer sent Mr P details of the car and confirmed it was in perfect condition. They also supplied photos. Mr P agreed a price of £1,800 plus £125 for delivery. He made these payments via online banking.

Mr P was then asked to pay an additional £1,000 for insurance costs. This had never been stated as part of the deal and so Mr P suspected something was wrong. He challenged the payment with the scammer and heard nothing more from them. Mr P went on to report the scam to NatWest.

NatWest considered what had happened and said it couldn't help Mr P. It said because he'd paid a genuine company it couldn't treat the attempted purchase as a scam. It said he had a civil dispute with the business.

It also said there was nothing to indicate the payment was suspicious at the time it was made.

Mr P was unhappy with NatWest's answer and so brought his complaint to our service. One of our investigators considered the complaint but didn't recommend it be upheld.

He didn't think NatWest had acted fairly and reasonably in concluding that the matter was a civil dispute; he saw there was sufficient evidence to show a scam had taken place.

However, he didn't believe NatWest needed to refund Mr P. Our investigator acknowledged Mr P had been sent a sales contract and that the business the scammer claimed to work for was genuine, things that lent legitimacy to the purchase. But he went on to say that the price of the car had been too good to be true and that there was no reason stated for such a heavy discount. He said that ought to have led Mr P to be very cautious about proceeding.

Our investigator also noted that Mr P had contacted a private seller about the car. But had then been contacted by a business, one based in a different location.

Our investigator contacted the bank to which Mr P sent his money, to see if there had ever been a chance to recover it. But he found the money had been moved on the day before Mr P reported the scam, and so said NatWest would never have been able to recover it.

Mr P was unhappy with the investigator's findings and so asked that an ombudsman review his complaint.

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.

I'm sorry that Mr P has been targeted by scammers in such a cruel way. I know it will come as further disappointment to Mr P but I'm reaching the same outcome as our investigator and for broadly the same reasons. I'll explain why.

The starting point at law is that Mr P is responsible for payments made from his account which are properly authorised. This position is set out in the Payment Service Regulations (2017) and confirmed in Mr P's account terms and conditions. It remains true even where payments were authorised as part of a scam.

NatWest is a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. The Code is in place to see the victims of scams reimbursed in most circumstances. But there are exceptions to reimbursement that a firm can rely on.

NatWest didn't rely on an exception to reimbursement to decline Mr P's scam claim. Instead, it said the payments made didn't meet the definition of a scam, because he'd paid a genuine business. I don't find that was a fair and reasonable conclusion for NatWest to reach. I'm satisfied there was sufficient evidence to show Mr P had fallen victim to a car purchase scam at the time he reported it. The circumstances he described to NatWest bore all the hallmarks of such a scam. That an apparently genuine business had been sent the money doesn't mean that a scam hadn't taken place. My findings here, however, don't mean that Mr P ought to now be reimbursed by NatWest. I still need to consider whether it ought to have refunded him when the scam was reported.

It's here where I find an exception to reimbursement does apply. There are several such exceptions set out in the Code, but the one most relevant to Mr P's complaint says reimbursement won't be necessary:

where in all the circumstances, the customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay, the payment was for genuine goods or services, and/or that the person or business with whom they transacted with was legitimate.

I've thought about what Mr P believed he was purchasing at the time, and whether there were any signs that all was not as it seemed. I, like our investigator, find that the stated price was too good to be true, to the extent it ought to have meant the whole purchase should have been viewed with suspicion. The car was being sold for less than a third of its fair value (taking account of make, model, condition, and mileage). And there was no explanation as to why it was being sold so cheaply.

Mr P has said he made some assumptions about why it might have been such a low price. But I can't see the seller ever gave a reason, and Mr P doesn't appear to have ever asked.

It is also the case that Mr P initially believed he was engaging in a private sale, given who he contacted initially. But he was then contacted by someone claiming to work for a business. It does appear the scammers used some details of a genuine business to try and make the sale look legitimate. But my understanding is that Mr P didn't do anything to verify that the person who had contacted him worked there, or that the contact was genuine. From looking

on the business' website, it doesn't appear as though they sell cars themselves either, instead offering a site where used cars can be advertised for sale.

I can see the payment was then made to a completely different business. I understand Mr P was told this was the business that would transport the car. But it's unclear to me why he would be required to pay the purchase cost of the car to a separate business.

I know Mr P checked for things like a valid MOT and was reassured by what he found. But I think there was enough going on here to say that Mr P ought fairly and reasonably to have had significant cause to doubt the legitimacy of the deal. And so I don't find NatWest ought to have reimbursed his loss.

I've already said that NatWest ought to have recognised Mr P had been the victim of a scam when he reported it. I know it must have been very frustrating for Mr P for NatWest to have taken the position it did. And he feels he's been denied the opportunity for his money to be recovered, or for the fraudsters to be pursued. Especially as the receiving bank suggested it was willing to investigate further if NatWest reported the scam to it. However, I don't find this has a material effect on the outcome of Mr P's complaint.

We know Mr P's money had been removed from the recipient account before the scam was reported. That means there was no way for NatWest to have recovered it, even if it had passed the details of the scam on as soon as it was reported.

As for what the receiving bank might have gone on to do, it's difficult to say. But I don't find it's likely any action it might have taken would have led to Mr P getting his money back. And there was no reason it couldn't investigate its own customer when Mr P alerted it to the scam.

There is also evidence to suggest that the receiving bank was notified about misuse of the account around the time, even if not by NatWest. So it does appear it knew scams were happening and this hasn't led to a positive development for Mr P. Though it's important to note here I have neither investigated nor made findings against the receiving bank.

What this does mean is that even though NatWest did make an error, that error hasn't materially affected the overall outcome and I can't say it ought to reimburse Mr P's loss.

My final decision

I don't uphold this complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 November 2024.

Ben Murray
Ombudsman