

The complaint

Mr K complains National Westminster Bank Plc didn't do enough to protect him when he fell victim to a scam.

What happened

Mr K has a current account with NatWest that he's had for twenty years.

Mr K says he received a message in September 2022 on a well-known app from someone asking him if he wanted to attend a football match. He replied saying they'd got the wrong number. He says the person nevertheless introduced herself and that they got talking. Mr K says that they had a lot in common and that the person to whom he was talking appeared to be a wealthy individual. He also says that everything the person said checked out, so he believed that they were genuine. He was, in fact, talking to a scammer.

Mr K says that the scammer mentioned cryptocurrency after they'd been talking for a while and said that she'd made a lot of money from this. He says she asked him if he was interested. He said he was, and that she helped him open a cryptocurrency wallet and showed him how to invest. I'll refer to this wallet as his "first cryptocurrency wallet". Investing involved transferring money from his cryptocurrency wallet to the trading platform the scammer had introduced him to.

Mr K says he agreed to invest and sent £300 to his first cryptocurrency wallet which he then moved onto the trading platform. He says he could see how his money was doing once he'd moved it onto the trading platform and that he invested more and more as his confidence in the scammer and the investment grew. The scammer told him to open an account with a business who I'll refer to as "M" and to open a second cryptocurrency wallet which I'll refer to as Mr K's "second cryptocurrency wallet".

Mr K says that when he tried to make a withdrawal – to pay off a loan which he'd used to invest after using up all of his savings – he was told his trading account had been frozen and that he'd need to pay money in to unfreeze it. He did so. He says he was then told he'd have to pay additional fees. Mr K says he paid around £80,000 to the scammers, including the proceeds of three loans totalling £70,000.

Mr K says he contacted the FCA at the beginning of March 2023 to find out how to get the money out of his trading account – given the problems he was having accessing it and his growing suspicions – and was told that he'd almost certainly been scammed. Having spoken to the FCA, he contacted NatWest and M and asked for help getting his money back. NatWest looked into Mr K's claim and said that it couldn't help as all of his payments had gone to an account in his name, so weren't payments it could refund. NatWest said to contact M instead.

On 4 April 2023 Mr K – with the help of a representative – complained to NatWest saying that he'd lost £10,810 between 3 October 2022 and 10 November 2022 to an investment scam. All of the payments Mr K's representatives complained about were payments he'd made from his account with NatWest directly to his first and second cryptocurrency wallets

rather than payments he'd made to M. He complained that NatWest should have done more to protect him.

NatWest looked into Mr K's complaint and again said that he should contact M saying that the payments he'd made had gone to an account in his own name. NatWest said it had done nothing wrong as it had followed his instructions – as it's required to do unless it has reasonable grounds to suspect that a payment would result in a customer being the victim of fraud – and had given appropriate warnings in its online banking and its website in relation to the types of scams it was seeing.

Mr K's representatives weren't happy with NatWest's response and complained to our service. They also complained to our service about M's response.

Following our involvement NatWest said that although its final response mentioned payments to M, and although Mr K was actually complaining about payments he'd sent directly to his cryptocurrency wallets, the same principles it had set out in its final response applied to both set of payments. In other words, NatWest said that it wasn't liable because none of the payments Mr K had made had resulted in him making a loss as they'd all been payments to an account in his name. Any losses that had occurred had been as a result of what he'd done after having safely received the payments.

One of our investigators looked into the payments that Mr K had sent directly to his cryptocurrency wallets. In other words, they looked into the £10,810's worth of payments that he'd made between 3 October 2022 and 10 November 2022 that his representatives had complained about. Having done so, our investigator didn't think that NatWest had any reason to be concerned as none of the payments had triggered a security check meaning there was no opportunity for manual intervention from NatWest. Our investigator also said that it was clear from a call that Mr K had had with NatWest on 18 October 2022 that he'd seen NatWest's warnings about cryptocurrency scams and had confirmed that he wanted to go ahead with his payments. Our investigator didn't, in the circumstances, recommend that Mr K's complaint be upheld.

Mr K's representatives disagreed with our investigator's recommendation saying that NatWest should have intervened when Mr K attempted to make a £4,000 payment to his second cryptocurrency wallet on 11 October 2022 as the payment should have been concerning. They said that Mr K receiving a £30,000 loan on the same day he sent £4,000 towards the scam should have caused huge alarm to NatWest. They said that the payment activity on Mr K's account directly matched a scam pattern. And that NatWest would have been aware that scammers advise victims to take out loans for the purposes of investment. Mr K's representatives asked for Mr K's complaint to be referred to an ombudsman for a decision. His complaint was, as a result, 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.

Earlier on this month I issued a detailed provisional decision saying I didn't think NatWest did enough to protect Mr K from harm when they spoke on the phone on 18 October 2022. In particular, having blocked Mr K's payments to his second cryptocurrency wallet because of the rise in cryptocurrency scams it had seen, NatWest allowed Mr K to transfer the proceeds of a NatWest loan that he'd taken out to "consolidate debts" to an account with M that he'd just opened despite the fact that it was clear he was planning to send the proceeds of that loan to his second cryptocurrency wallet. NatWest also agreed to increase his daily limit to facilitate these transfers. NatWest's actions ultimately allowed Mr K to transfer approximately £60,000's worth of loan proceeds from three separate loans – all taken out to "consolidate debts" – to his second cryptocurrency wallet via M which he then lost to a cryptocurrency investment scam.

All parties involved were invited to reply to my provisional decisions. All parties accepted them. Having reconsidered everything, I remain of the view that the outcome set out in my provisional decision is fair. So, I'm going to require NatWest to do what I said in that decision.

Putting things right

NatWest should refund the £500 payment to Mr K's second cryptocurrency wallet on 10 November 2022 on a 50/50 basis as this is a loss it alone could have prevented. In other words, NatWest should refund 50% of this payment.

Between 18 and 20 October 2022 M paid £30,000 to Mr K's second cryptocurrency wallet which was subsequently lost to the scam. These payments were funded from Mr K's account with NatWest including from a £30,000 loan he took out from N for "home improvements". M and NatWest could have prevented this £30,000 loss. So, NatWest should refund 33% of the payments Mr K made to his second cryptocurrency wallet between 18 and 20 October 2022.

Between 7 and 10 November 2022 M paid £21,500 to Mr K's second cryptocurrency wallet which was subsequently lost to the scam. These payments were funded from Mr K's account with NatWest including from a £22,000 loan he took out for "home improvements". M and NatWest could have prevented this £21,500 loss. So, NatWest should refund 33% of the payments Mr K made to his second cryptocurrency wallet between 7 and 10 November 2022.

Between 16 and 17 November 2022 M paid £17,500 to Mr K's second cryptocurrency wallet which was subsequently lost to the scam. These payments were funded from Mr K's account with NatWest including from a £17,500 loan he took out for "home improvements". M and NatWest could have prevented this £17,500 loss. So, NatWest should refund 33% of the payments Mr K made to his second cryptocurrency wallet between 16 and 17 November 2022.

My final decision

My final decision is that I'm upholding this complaint and require National Westminster Bank Plc to refund the payments I've mentioned above having made the appropriate deductions. In addition, I require National Westminster Bank Plc to pay 8% simple per annum interest on these refunds from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 December 2024.

Nicolas Atkinson
Ombudsman