

The complaint

Mr M complains that National Westminster Bank Plc (NatWest) won't refund the money he lost when he fell victim to a scam.

What happened

Mr M met an individual I'll refer to as P on social media. P claimed to be making a lot of money through investing, and to be getting information and advice from a relative with specialist knowledge of the stock market. She told Mr M she could help him invest.

On P's recommendation, between May and July 2023, Mr M sent around £76,000 from his NatWest account to an account he set up with 'S' – a genuine, regulated trading platform. Some of the payments were funded from a loan he took out with NatWest, as well as borrowing from family and friends. He has explained P would call him and guide him on what to do, such as what shares to buy. He says he was just following P's instructions and wasn't that clear about what he was doing, but P didn't have access to his trading account.

As time went on, P encouraged Mr M to invest more. When he showed resistance due to the debt he was in, she stopped replying. Mr M then realised he had been scammed. He complained to NatWest – arguing it should have realised the account activity was unusual for him, and should refund the money he lost.

NatWest wrote off the remainder of Mr M's loan but didn't agree to refund the rest of his loss. He referred the matter on to our service. While our investigator agreed NatWest ought to have done more to try to protect Mr M when he made the payments, they weren't persuaded that doing so would have prevented his fraudulent losses. They thought he was too under P's influence at the time to have been deterred from proceeding.

Mr M has appealed the investigator's outcome. He says he was experiencing difficulties at the time of the scam which mean he wasn't in the right mindset to make financial decisions, and P took advantage of his situation. He has also told us about the toll the scam has taken on him.

I have been in touch with Mr M directly about his appeal. I explained I was minded to agree with the investigator that NatWest wasn't at fault for his loss. P told Mr M the information she was getting was secret, and that she would get in trouble if it came to light she was advising him. So, if NatWest had intervened, it seems more likely it would have thought he was simply doing his own, genuine trading on S's platform.

However, I wanted to see further records to confirm the payments were genuinely going to S – and to see if any funds remained. Mr M has provided records of his account activity on S's platform, as well as his contact with them about the scam. These show he kept his S account after the scam and completed further trading. Mr M says he was trying to recoup some of his losses. As of August 2024, his account value was around £1,150. S haven't refunded Mr M for any losses incurred due to the scam.

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 not to uphold it. I'll explain why.

It isn't in dispute that Mr M authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. But, having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I think NatWest ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I agree with the investigator that there came a point at which NatWest arguably should have been concerned about the payments to S, such that it ought to have made enquiries of Mr M about what he was doing. That's because the size and volume of the payments were fairly significant. They looked out of character compared to how he normally used his account. However, I would only expect NatWest to reimburse Mr M if I find this failing caused him to incur fraudulent losses.

From what I been told and what I have seen, it seems to be accepted that these payments were being sent to Mr M's own account with S, a legitimate financial business who are regulated in the UK. It also appears he was genuinely purchasing shares through their platform. So, if NatWest had spoken to Mr M about what he was doing, I don't think it would have much reason to suspect this activity presented a risk that he might be falling victim to a scam.

I have considered that Mr M was being advised by someone on what trading to do, and whether that might have raised some alarm bells if mentioned to NatWest. But I'm conscious Mr M's contact records with P show the level of influence she was exerting, having used social engineering to build up trust. She told Mr M to keep the guidance a 'secret', which he confirmed he would. It seems P convinced him she would get into trouble if it came to light she was advising him. I therefore don't think Mr M would have told NatWest he was being advised on how to trade – meaning this is unlikely to have flagged up as a concern.

I would also highlight that, while I accept the evidence suggests Mr M fell victim to a scam (and I can't see this point has been disputed), the way in which the scam unfolded, leading to Mr M losing funds from his S account, are not that clear to me. For example it seems some funds (and shares) remained in his S account, within his control. And he's explained he wasn't concerned about having lost out to a scam until *after* the main loss appears to have been incurred.

To my mind, given that the funds were being sent on to a genuine trading platform, that makes it seem less likely that intervention by NatWest would have uncovered the scam. As the loss was incurred from Mr M's own account with S, NatWest couldn't seek to recover the loss once Mr M reported the scam either. It also appears that not all the funds transferred on from NatWest to S were lost to the scam, given the remaining account value.

I appreciate this will be disappointing for Mr M. I can see how P employed social engineering tactics to build up trust over time, thereby persuading him to follow her instructions without realising he might be falling victim to a scam. But my role is to consider whether any failings by NatWest caused or contributed to his loss. For the reasons I have set out above, I'm not persuaded it's likely NatWest would have been able to uncover and prevent this scam. I therefore don't think it would be fair to direct it to reimburse Mr M further.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 January 2025.

Rachel Loughlin
Ombudsman