

The complaint

Mr C complains that National Westminster Bank Plc (“NatWest”) allowed him to make payments to a cryptocurrency exchange platform.

What happened

Mr C started trading cryptocurrency and began to make substantial losses starting in September and October 2023. He later took steps to help himself, but as a part of this he noticed that NatWest published information on its website that said it would block or limit transactions being made to cryptocurrency exchanges.

Based on this, Mr C believed that NatWest should have done more to protect him when he was making payments to a particular cryptocurrency exchange. He complained to NatWest that by not following this policy in his case – he was able to make substantial payments in both individual transactions and over a period of time that NatWest should have spotted.

NatWest responded to say that Mr C had willingly made the payments to the cryptocurrency exchange in question with available money from his account and so it followed his instructions and made the payments he requested. NatWest said that its terms explain that it may refuse to make payments in certain circumstances, but it isn’t bound to do so on every occasion. It confirmed that the restriction was not applied in Mr C’s case.

Mr C was unhappy with NatWest’s response and brought his complaint to us. One of our investigators looked into this and found that NatWest had acted fairly. She noted that NatWest hadn’t identified the payments in question because NatWest hadn’t identified payments going to the particular cryptocurrency exchange Mr C was using as being covered by its policy until February 2024 – which was after the payments Mr C had made. She found that NatWest had acted fairly in making the payments it had.

Mr C disagreed and said that NatWest should have identified these payments sooner – as the cryptocurrency exchange he used was a well established and well known one. He asked what changed in February 2024 that meant that NatWest identified these payments. Our investigator considered what Mr C and asked NatWest for further information about the circumstances here.

NatWest responded to say that the payments Mr C made used Open Banking technology. Because of this, it took extra time for NatWest to identify these payments as being made to a cryptocurrency exchange. NatWest also provided further evidence in confidence, which we couldn’t share with Mr C, but our investigator was satisfied that NatWest’s position was fair and reasonable.

Mr C continued to disagree and said that NatWest failed to protect him as a customer and that it hadn’t shared the details of the companies that were on its relevant list and so hadn’t provided sufficient evidence. As Mr C disagreed, the complaint was passed to an ombudsman.

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 can see why Mr C is unhappy and frustrated here. He has seen that NatWest has a policy that, based on his reading of it, should have prevented him from incurring the losses he did by making payments to a cryptocurrency exchange. So it must have been frustrating and upsetting to find that the policy didn't apply to his circumstances. I've read all that Mr C has told us about the impact this had on him too.

My role is to be independent and impartial when deciding what's fair and reasonable in the circumstances of a complaint; to do this, I have to consider both sides of a dispute. The starting point here is that when Mr C instructed NatWest to make these payments to the cryptocurrency exchange in question – he was instructing his bank to make a legitimate payment. Generally speaking, a bank should follow its customers' instructions unless there is good reason not to.

At the time NatWest had the following policy in place:

"To keep your money safe from scams, we have decided to block or limit online banking and mobile app Faster Payments we identify as going to cryptocurrency exchanges. From 16th March 2023, we'll block or limit online banking and mobile app Faster Payments and Debit Card transactions made to these exchanges to £1k a day and £5k in any 30-day period, until further notice. These limits are inclusive of any attempted and rejected payments that are made across all of your personal accounts within the period and is per person not per account."

NatWest has explained that the policy it has in place is applied on a best endeavours basis due to the difficulties in identifying and applying such a policy to beneficiaries like cryptocurrency exchanges. I think NatWest makes that reasonably clear when it says that it will apply this policy to payments that it 'identifies' as being to cryptocurrency exchanges.

NatWest says that, prior to February 2024, it hadn't identified Mr C's payments as being made to a cryptocurrency exchange. It says this was because of the technology being used to make them. It was only in February 2024 that NatWest identified payments like the ones Mr C made as being made to a cryptocurrency exchange. Some of the information that NatWest has provided around why it took this action when it did is sensitive to it as a firm, so I can't share the full details of what it's said more widely.

I've considered what NatWest has provided to us in full though. I find its explanation as to why it didn't identify payments in the way Mr C made them at the time to be fair and reasonable. Ultimately, prior to February 2024, it hadn't identified that payments made in the way Mr C was making them were to cryptocurrency exchanges. It was only later in February 2024 that it did identify these and I think that's a reasonable position for it to have taken as a business as to why it followed Mr C's instructions without any further questions or friction.

I note what Mr C says about why he thinks NatWest should have identified these payments sooner, given (among other things) the high profile of the exchange in question. But NatWest has explained that the delay here was about *how* the payments were made rather than simply what company they were being made to. I think that's a reasonable explanation that it has supported with the evidence it has sent this service.

NatWest had no other reasons to have flagged these payments either – because it wouldn't have suspected that Mr C was making payments in a way that was disadvantaging him.

Mr C hadn't told NatWest about any of the problems he was having at the time. The payments were made using his money that was available to him in his account. He wasn't, for example, using his overdraft or clearly using other means of lending to make the payments in a way that might suggest he was having to borrow to make them.

So from what NatWest would have seen of the conduct of his account, I don't think it would have had any other reasons to have known about the problems Mr C was having, or to have flagged these payments in any other way.

Then from the point that NatWest had identified these payments as being to a cryptocurrency exchange, there's no evidence to show that NatWest hasn't followed its policy. I say this because during a 30 day period from this point, the highest value of a single payment like this was £1,000 on a single day and the amounts in question didn't add up to £5,000 in this period. This means that from February 2024, the relevant limits of the policy weren't reached.

All of this means that I'm satisfied that NatWest acted fairly and reasonably when it made the payments Mr C asked it to make and in how it has acted in respect of the policy here. I understand that Mr C doesn't think that NatWest has done enough and finds its policy and its implementation flawed in his circumstances. I've considered all he's said and provided us, but I find that NatWest's explanation of the difficulties in identifying payments made to companies like this is reasonable. I'm satisfied that it's fair that it didn't do anything sooner to block or flag these transactions.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 February 2025.

James Staples
Ombudsman