

## **The complaint**

Mr S has complained that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY “NatWest” won’t refund money he lost to a scam.

## **What happened**

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my decision.

## **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 agree with the investigator’s findings for broadly the same reasons, I will explain why.

In broad terms, the starting position in law is that a bank is 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 is fair and reasonable in this case.

I’m satisfied that although Mr S didn’t intend for his money to go to a fraudster, he did authorise the payments. I understand he wouldn’t have authorised the payments if he had known this was a scam, but NatWest is expected to process payments that a customer authorises or instructs it to make, and that is what it did. The Payment Services Regulations (PSRs), state that payments are authorised if the payer consented to them and, in this case, I’m satisfied Mr S consented to the payments. However, where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payments.

Taking into account the law, regulatory 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 acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.
- Have had systems in place to look out for unusual transactions or other signs that might indicate its customers were at risk of fraud (amongst 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.

Our service has referenced the relevant rules, codes of practice and good industry practice at the time, in many previous decisions published on our website.

Having considered the size of the payments, where they were going to and what NatWest would've reasonably known of them at the time, and comparing Mr S' previous account activity, I'm satisfied that NatWest's fraud detection systems ought to have considered payment one (£5,000 sent on 12 September 2024) as a risk.

I say this because it was a big increase in value compared to previous expenditure on the account, immediately followed by a transfer into the account from Mr S' saving account. While I accept that the account Mr S was sending the money to was an account in his own name and an established payee on his account (as he regularly sent payments to this account since 2020), having reviewed Mr S's statements six months prior to the scam, I can't see that Mr S has made payments of this value. So, given the size of the payment, the date of the payment and where it was going to (an EMI account, albeit in his own name), in my view, there was enough about the characteristics of transaction one and the activity on the account that ought to have been concerning such that NatWest should have intervened. Having concluded that NatWest ought to have intervened on payment one, I've thought carefully about *what a proportionate intervention would have been, considering the risk presented and the circumstances of the scam occurring*. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to NatWest's duty to make payments promptly, as well as what I consider having been good industry practice at the time this payment was made.

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by September 2024, when these payments took place, NatWest should have had systems in place to identify, as far as possible, the actual scam that might be taking place for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment he was making – as such, they should have provided a scam warning tailored to the likely scam Mr S was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if NatWest had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. In this case, while Mr S was falling victim to an 'investment scam', NatWest would have been unaware of this, as Mr S was transferring money to an established account in his own name and had used the reference 'holiday'. Therefore, I am persuaded, even if NatWest had asked a series of automated questions, Mr S wouldn't have divulged the true intention of the transfer as he was being guided by the scammer and was unaware of the importance of ensuring the information he provided was accurate. This is supported by the fact Mr S' representative has said "*However, the scammer mentioned to our client in the passing that he may want to use a reference not associated*

*with investments and our client did not think much of it.”* And because of this the warning NatWest would have provided would have the typical features of the scam type it had identified based on his answer. I am persuaded, on balance, it is likely it would have been a safe account warning, which wouldn't have resonated with Mr S.

I accept that Mr S' representative is of the opinion a more formal intervention should have occurred, with NatWest asking open and probing questions. But as I have explained above, I don't think that was proportionate for the risk the transfer presented. Mr S regularly made payments to this account since 2020 and had selected 'holiday' as the payment reference. As such, I have to consider what intervention was proportionate for the risk the payment presented.

So, whilst NatWest didn't intervene at the point of transaction one, I don't think a warning (as I have highlighted above) would have made a difference to Mr S. so, it follows that any failings by NatWest at payment one was not the dominant, effective cause of his loss.

### Recovery

I have gone on to consider if NatWest took reasonable steps to try and recover the funds once it was made aware. Mr S didn't make the payments to the scammer directly, he transferred his funds to accounts in his own name. If these funds had not already been transferred to the scammer by Mr S they would be in his control to access as and when he chose. NatWest would not have been able to attempt to retrieve the funds from the scammer directly as that is not where the funds were originally sent to. So, it follows that I won't be asking NatWest to do anything further.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 August 2025.

Jade Rowe  
**Ombudsman**