

## Complaint

Mr W is unhappy that National Westminster Bank Plc (NatWest) didn't reimburse him after he told it he'd fallen victim to a scam.

## Background

The background to this case is well known to the parties, so I'll only summarise the key facts here. In June 2023, Mr W fell victim to a scam. His cousin, Mr M, told him that he had found an investment opportunity and encouraged Mr W to get involved. Mr W did not have much information about what he was investing in, but he had been told he could double his money. Unfortunately, it later became clear that Mr M himself had been the victim of a scam. The funds that Mr W transferred to him were then lost to the fraudster.

He made two payments of £5,000 to Mr M's account. He'd recently taken out an unsecured personal loan with another bank. That loan was intended for home improvements, but he used some of the funds to invest in the opportunity his cousin had presented.

Once he realised he'd fallen victim to a scam, he notified NatWest. It didn't agree to reimburse him. It said that it was treating the matter as a civil dispute, because Mr W had made the payment to his friend, rather than to the fraudster directly.

Mr W wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr W disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, banks are expected to process payments their customers authorise, in line with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the story. NatWest signed up to the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM code"). This code requires firms to reimburse customers who have been the victim of authorised push payment ("APP") scams in all but a limited number of circumstances.

Mr W should be reimbursed unless NatWest can show that an exception to reimbursement under the Code applies. There are two potentially applicable exceptions here. The most relevant is where *"in all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that ... the person or business with whom they transacted was legitimate."*

I've considered the available evidence carefully and I'm persuaded that this exception applies here. I accept that Mr W did sincerely believe that this was a legitimate investment

opportunity, but I'm not persuaded that belief was a reasonable one. From the information that's been shared with me, he didn't really know what the investment opportunity was – he simply relied on the reassurance that Mr M had provided. He accepted that recommendation without carrying out any research of his own. I think it was particularly important that he do so because he'd been told that he could expect to double his investment within a short period of time. I think it ought to have occurred to Mr W that such returns might be too good to be true and to have proceeded with far greater caution than he did here. For these reasons, I'm persuaded that the exception set out above applies here.

I've also considered whether NatWest did everything I'd have expected it to do here. The CRM Code says that, where a firm identifies an APP scam risk, it should provide an effective warning. With the benefit of hindsight, we now know that Mr W was the victim of a scam. The key question for me is whether the bank should have recognised that risk at the time of the payments and taken action to warn him about the risks of going ahead.

Unfortunately, I'm not convinced the bank could reasonably have identified the payments as suspicious. Mr W was transferring money to his cousin, someone he had paid before. While these particular payments were for £5,000 each, Mr W had made payments of that size previously. There was nothing about the transactions that would have made them stand out as unusual or indicative of fraud.

I do not say any of this to downplay the significance of what has happened to Mr W. He has been the victim of a cruel and cynical scam, and I have every sympathy for his situation. However, my role is to assess whether the bank has fairly considered his claim under the CRM Code and, for the reasons I've explained above, I'm satisfied that it has.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 March 2025.

James Kimmitt  
**Ombudsman**