

The complaint

Mrs K and Mr S complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') won't refund the full amount of money they lost to a scam.

What happened

Our investigator didn't uphold the complaint. He didn't think any of the payments looked suspicious such that NatWest ought to have made additional checks before processing any of them.

Our investigator went on to say that had someone from NatWest intervened and spoken to Mrs K and Mr S, he found it was most likely they would have gone on to make the payments.

Mrs K and Mr S's representative has asked for the matter to be referred to a decision. It said the payments ought to have been treated as high-risk.

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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I've thought carefully about whether NatWest treated Mrs K and Mr S fairly and reasonably in its dealings with them, both when they made the payments and when they reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold this complaint. I know this will come as a disappointment to Mrs K and Mr S and so I want to explain why I've reached the decision I have.

I have kept in mind that Mrs K and Mr S made the payments themselves, and the starting position is that NatWest should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) they are presumed liable for the loss in the first instance. I appreciate that Mrs K and Mr S did not intend for their money to ultimately go to fraudsters – but they did authorise these payments to take place. However, there are some situations when a business should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant law and regulations; regulators' rules, guidance, and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time – 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 had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

I have reviewed the payments Mrs K and Mr S made to the scam. Having considered when they were made, their value and who they were made to, I'm not persuaded NatWest ought to have found any of the payments suspicious, such that it ought to have made enquires of Mrs K and Mr S before processing them.

Mrs K and Mr S had sent two large payments leading up to the scam, one of these being £30,000 which was more than either of the payments involved in this claim. So, I'm satisfied that the two payments sent to the scam would have looked in line with Mrs K and Mr S's usual account behaviour and spending.

Having said that, I've also gone on to think about what I think would have likely happened had NatWest stopped either payment and spoken to Mrs K or Mr S or whether appropriate intervention or further questions would likely have made a difference.

Ultimately, I don't think any intervention by NatWest would have made a difference or prevented the payments. I say this because when Mrs K and Mr S made the payments, they were led to believe they were investing into a legitimate company and product. I'm not aware of any information NatWest could or should have known at the time from which it ought to have been concerned Mrs K and Mr S was being scammed. It was a court case in July 2020 when a judge confirmed it was likely a Ponzi scheme, so NatWest would not have had this information available at the time.

NatWest could have given Mrs K and Mr S general fraud and scam advice in relation to investing in particular. But ultimately, I don't think I can fairly say it would have been able to give Mrs K and Mr S any information that would have led them to doubt what they already knew about what they were doing, including if they had undertaken further reasonable research at the time. I say this as they had been receiving advice from an introducer, had what looked like a legitimate contract in place, the returns didn't look 'too good to be true' and they conducted their own online research which they said showed the company as looking legitimate.

So, even if Mrs K and Mr S had been questioned in more detail about the investment by NatWest, I don't think it would have highlighted anything that would have caused concern or led NatWest to believe Mrs K and Mr S were at risk of financial harm from a fraud or scam. Furthermore, even if Lloyds did intervene and tell Mrs K and Mr S to conduct further checks on their investment, I'm not persuaded they would have found any negative information online, as Mrs K and Mr S did their own research, and they haven't supplied anything from that point in time that shows this might have been a scam.

It's important to note, the role of NatWest in these circumstances is not to offer investment advice. If someone had spoken to Mrs K or Mr S, it would have been checking the fraud risks of the payments involved.

I understand the introducer Mrs K and Mr S used was unregulated, but this on its own doesn't mean it was a scam. Many brokers and introducers can be unregulated and it be completely legitimate. Mrs K and Mr S never believed the introducer to be regulated, and the paperwork they were given supports this. So, I don't think this would have raised any red flags with any of the bank's advisors had they spoken to them at the time.

Although NatWest didn't attempt any recovery, given the time that passed since the payments were made, I find any chance of recovery unlikely. These payments also pre-date the Contingent Reimbursement Model (CRM) Scheme.

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 Mrs K and Mr S to accept or reject my decision before 6 October 2025.

Tom Wagstaff
Ombudsman