

The complaint

Mr N complains that National Westminster Bank Plc (“NatWest”) did not refund a series of payments he lost to a scam.

What happened

Mr N received a message from what appeared to be a wrong number. He began speaking with the individual, who I will call ‘X’ for the purposes of this decision and struck up a friendship with them. After a few months of talking with X, who appeared to be an entrepreneur, Mr N was persuaded that she could help him learn about cryptocurrency investing, specifically mining in Ethereum.

He started off making small payments from his NatWest account directly to the cryptocurrency wallet he opened in his name. But eventually, he had issues making payments directly from NatWest, so he began transferring funds from his NatWest account to an existing account he held with an electric money institution I’ll call ‘T’ before forwarding it onto the cryptocurrency exchange. These amounts increased in value once he was satisfied that he had access to his invested funds. Mr N also took out a £25,000 loan with NatWest to partially fund the investment.

Unfortunately, this turned out to be a scam and between July 2022 September 2022 he lost a total of £189,037.39. Mr N says that the scammer had access to his cryptocurrency wallet and was able to withdraw the funds. He realised he had been the victim of a scam when he was asked to deposit £95,000 into the investment platform due to suspected fraud.

Mr N raised a scam claim with NatWest, but they did not agree to reimburse the lost funds. The complaint was referred to our service and our Investigator looked into it. They did not think the initial payments made direct to the crypto currency wallet were of a significant enough value or unusual enough to warrant intervention from NatWest. And they noted Mr N had made a large number of payments to his account with T in the year leading up to the scam, as well as other payments of similar value during the scam itself. So, they did not think NatWest could reasonably have identified the scam payments as unusual enough to warrant an intervention.

Mr N disagreed with the outcome. In summary, he did not think the Investigator had considered his vulnerabilities as an inexperienced investor. And he felt the significant drop in his account balance during the scam was a red flag to NatWest that something was not right. He noted that NatWest did freeze his account for genuine payments made via a payment processing company so felt they should have done the same for the scam payments.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account 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.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr N authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that NatWest was obliged to follow Mr N's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether NatWest did enough to try to keep Mr N's account safe.

I've firstly considered the debit card payments made directly to Mr N's cryptocurrency wallet. On balance, I just don't think the value or frequency of these payments was unusual enough that I think NatWest needed to intervene prior to them being processed. They did not look out of place when compared to Mr N's genuine account activity, so I don't think NatWest missed an opportunity to reveal the scam when considering these payments.

I've gone on to consider the transfers Mr N made directly to his account with T. Mr N has told us that he often travels for his work, and because of this he will often transfer funds from his NatWest account to this account with T. These transfers are for a range of values, but I can see it was not unusual for him to make transfer of similar values or higher to the ones mentioned as part of the scam. And it was not unusual for him to make multiple payments in one day.

I want to acknowledge Mr N's arguments that even considering his genuine account usage, the cumulative value and frequency of the transfers related to the scam did increase to a level he feels is unusual. And I do agree there was a jump in the amount of higher value transfers he was making to his account with T, especially towards the end of August 2022. But I also have to acknowledge that these payments were going to a trusted account that he had made similar transfers to from NatWest for a long time, and this account was in his name and within his control, so the risk level in NatWest's eyes was low, and the bar for intervention was therefore very high. And in this case, I just don't think the overall change in the pattern of payments was so different that NatWest should reasonably have intervened.

I also want to acknowledge that a significant amount was lost in the ten weeks span of the scam, and I do not want to detract from this loss at all. And while there was an acceleration in the draining of the current account, there was also significant spending on the account prior to this. For example, in the six months prior to the scam, around £125,000 was spent on the account. While I acknowledge this was less than the loss during the span of the scam, I think this shows it was not unusual for large balances to move in and out of the account in general.

Mr N has said other genuine payments he made via a payment processing company were flagged by NatWest and his account was frozen while they ran checks on these. He says that as these were for smaller amounts, NatWest could and should have stopped the payments going to T. But the difference here is that these payments were being made to an unknown payee, and not to a trusted account in Mr N's own name, so there was a different risk factor attached to the flagged payments.

Mr N has also highlighted that he was a vulnerable consumer due to his inexperience in investing. However, as these payments are not covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, as they went to other account in Mr N's name, he is not entitled to an automatic reimbursement if he is found to be vulnerable under the code. And I would only expect NatWest to take steps to support Mr N's vulnerabilities if they were aware of them. As I don't think it was clear Mr N was involved in a cryptocurrency investment scam or that he was inexperienced in investments, I don't think NatWest needed to do more in the circumstances to protect him.

I'm satisfied that NatWest could not have done more to recover Mr N's funds once they were aware of the scam. As the funds credited another account in Mr N's name before being taken by the scammer, it was not possible for NatWest to recover the funds once the scammers debited them from the cryptocurrency account.

I understand that this will be very disappointing for Mr N, and I recognise that he has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold NatWest responsible for his loss, so I won't be asking it to refund any of that loss to him.

My final decision

I do not uphold Mr N's complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 10 March 2025.

Rebecca Norris
Ombudsman