

## **The complaint**

Mr D complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') has declined to refund payments he made as part of a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

Mr D discovered an investment opportunity having seen an advertisement on a social media website. Mr D discussed the investment further and obtained information from the person that posted the advertisement (further referred to as Person A). Mr D saw that the company was registered in two overseas territories and visited their offices in Cyprus. Mr D also carried out his own independent research in order to satisfy himself that the investment was legitimate.

In order for funds to be deposited to his account with Company A, Mr D was required to send his funds to Person A, who in turn transferred the corresponding amount to Mr D's investment account with Company A.

Satisfied with what he'd seen, Mr D decided to invest with Company A and made payments from his NatWest account to Person A, totalling £10,000, between March and September 2022.

In 2023, citing internal and regulatory troubles, Company A transferred all its account holders' funds into its own cryptocurrency coin. Mr D says that this cryptocurrency coin is now worthless and that he's been the victim of a scam.

In February 2024, via a professional representative, Mr D made a formal complaint to NatWest and requested they return his losses as he'd been the victim of a scam.

NatWest investigated the matter but declined to refund Mr D's losses. They did so on the basis that his payments were made to Person A who transferred the funds to Mr D's account with Company A, meaning that the loss didn't occur as a result of NatWest's actions.

NatWest also confirmed that they had no concerns as to the validity of the payments at the time they were being made and did not deem it necessary to carry out any additional checks prior to releasing Mr D's funds.

Unhappy with this response, Mr D referred his complaint to our service.

An investigator looked into Mr D's complaint but didn't uphold it as they didn't feel that NatWest ought to have identified that the payments were being made as part of a scam. They were also satisfied that NatWest did what they could to recover Mr D's funds once they were made aware of his losses.

Following their initial assessment, the investigator clarified that Mr D's payments were not considered under the Contingent Reimbursement Model (CRM) Code as the funds were converted into cryptocurrency and transferred into Mr D's investment account with Company A by Person A; meaning the payments were peer-to-peer payments, which aren't caught by the Code.

Mr D disagreed with this outcome and provided further evidence and arguments including, but not limited to, the following:

- Company A and its associated entities were operating fraudulently from their onset.
- Mr D's payments should be considered under the CRM Code.
- NatWest should've intervened and identified Mr D was falling victim to a scam at the time the payments were being made.

As the complaint couldn't be resolved by the investigator it was passed to me for a decision.

### **What I provisionally decided – and why**

In my provisional decision I said:

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

Mr D has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr D's complaint. This is not meant to be a discourtesy to Mr D and I want to assure him I have considered everything they've submitted carefully.

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.

In broad terms, the starting position at law is that a bank such as NatWest is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that NatWest isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

NatWest also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether NatWest acted fairly and reasonably in its dealings with Mr D.

At the time Mr D made the disputed payments, Company A were regulated by a financial services regulator in an overseas territory. Though the regulation of companies can vary between different jurisdictions, it does seem to be unlikely that a fraudulent company would seek to obtain the regulatory status from a financial regulator given the questions likely to be asked of it and the potential for any fraudulent behaviour to be exposed.

Mr D has cited the fact that Company A did not have the relevant regulatory status to offer their services within the United Kingdom, which they were doing. I accept that this information can indicate poor business practice by Company A, but this doesn't definitively demonstrate that they were operating fraudulently.

Mr D has also referred to alerts published by the International Organization of Securities Commissions ("IOSCO") as an indication that Company A were acting fraudulently. While this could be an indication of fraudulent behaviour, the warning could also be seen as an indication of poor business practice.

Overall, I'm not persuaded that Company A were acting fraudulently.

That said, even if I were to accept that Company A were operating fraudulently, I'm not persuaded that NatWest should be held liable for Mr D's loss. I've gone on to explain why below.

Mr D's representatives believe that the payments made as part of the scam should be considered for reimbursement under the CRM Code.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

The Code also explains that it does not apply to *'private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier'*.

Much of the evidence provided by Mr D and his representatives pertains to Company A's actions and legitimacy. But, importantly, Mr D made his payments to Person A who then applied the applicable amount of cryptocurrency to Mr D's account with Company A. We've also been told that Person A was unaware that Company A were operating fraudulently.

Given the payments went to Person A, and there is no assertion that Mr D didn't receive the subsequent cryptocurrency in his account with Company A, I'm satisfied that he received the goods and services paid for. Therefore, the payments made by Mr D do not meet the CRM Code definition of an APP scam and not caught by the Code.

Mr D argues that NatWest could've identified that he was falling victim to a scam had they intervened at the time of the payments. Though it could be argued that NatWest ought to have intervened, given the value of the payments and their unusual character in comparison to the genuine usage of Mr D's account, I don't agree that NatWest could've, or should've, identified that Mr D was at risk of fraud or financial harm.

During intervention, I'd have expected NatWest to have asked Mr D about the investment, how he discovered it and what checks he had made in order to verify the investment, and Company A, were genuine. Had he been asked about this, Mr D would've explained that he

could see that Company A were authorised by relevant financial authorities, he'd spoken to a number of investors and had even visited Company A's offices.

I accept that NatWest may have had concerns about Company A's lack of permission to offer investment services within the United Kingdom. Had NatWest asked Mr D to carry out further research prior to investing I don't think he'd have uncovered any information which would've led to him changing his mind, given the substantial research he'd already carried out up to that point.

Furthermore, I don't think this is an instance in which NatWest should've refused Mr D's payment instruction as I'm not persuaded there was enough information available to them at the time of the payments to identify that Company A were clearly operating a scam.

Taking everything into account, I'm not persuaded that NatWest should be held liable for Mr D's loss.

### **My provisional decision**

My provisional decision was that I did not intend to uphold this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

### **Responses to my provisional decision**

Mr D responded to say he didn't accept my provisional decision. He also requested that I reconsider the outcome I had reached, based on the following:

- Mr D never intended to buy cryptocurrency and never owned or had a cryptocurrency wallet. Because of this, it can't be said that he was given the relevant cryptocurrency his account with Company A.
- Company A's regulatory capacity had been overstated and that Malaysian authorities had confirmed they are part of a wider syndicate that were operating as a scam.
- The payments made as part of the scam are caught by the CRM Code as Mr D doesn't believe Person A was acting in his interests.

Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.14 says if a respondent (NatWest) fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

As I've received a response from Mr D, and the deadline for NatWest to respond to my provisional decision has expired, I'm going to proceed with issuing my 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.

Following my provisional decision, Mr D has explained why he doesn't agree with the outcome I previously reached. But, having considered the additional testimony provided by Mr D, I see no reason to reach a different answer than I did in my provisional decision.

Mr D says his investment was never intended to be in cryptocurrency. Mr D previously explained that, following payment, Person A would exchange his funds into dollars and deposit them into Mr D's account with Company A. While it appears that Mr D may not have initially invested in cryptocurrency, at no point has it been argued that he didn't receive the

relevant funds into his account with Company A. I'm therefore satisfied that Mr D received the goods and services paid for and that the payments do not meet the CRM Code definition of an APP scam and are not caught by the Code.

Mr D claims that Person A wasn't acting in his interests and was instead being used as a mule to put money into many accounts with Company A. Though I don't believe the evidence provided confirms this to be the case, I'm still not persuaded that Person A or Company A were operating fraudulently. So, I don't find this argument persuades me to reach a different finding.

Overall, I'm satisfied that NatWest should not be held liable for Mr D's loss. I say this because I'm not persuaded that the evidence presented by Mr D has demonstrated that the payments were made to a fraudulent company. Further to this, I'm not persuaded that the payments made by Mr D are caught by the CRM Code or that NatWest could've prevented his loss.

### **My final decision**

My final decision is that I do not uphold this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 October 2025.

Billy Wyatt  
**Ombudsman**