

The complaint

M, a limited company, has complained National Westminster Bank Public Limited Company did nothing to identify and stop fraudulent payments being made to one of their customers' accounts.

What happened

M operates as a small business and holds an account with a bank that I'll refer to as H.

In November 2023, the company accountant, Mrs K, was in email correspondence supposedly with a company they needed to pay following an insurance settlement. They'd been sent account details but an attempted payment for part of the funds failed. The company emailed revised account details to Mrs K. She made an initial payment of £38,046 on 10 November. She then made a further payment of £40,000. H flagged this payment. As they were unable to speak to Mrs K, the payment was reversed. Mrs K then spoke to H and confirmed two further payments of £40,000 and £50,000 would be made. These were completed on 13 November. These three payments were all sent to a matching named account at NatWest.

On 17 November Mrs K noticed an issue with her sent emails and asked M's IT support to look into this. It was confirmed that M had been the victim of a scam and at least two different suppliers' emails had been cloned and used to send fake account details to M.

M had sent three payments to NatWest Bank totalling £128,046. They complained to H and asked them to refund them for the payments sent to NatWest, along with other payments sent to another recipient bank. H said they did what was required of them and alerted NatWest to the fraud.

M lodged a complaint against NatWest as a recipient bank and asked them to refund the money they'd lost. NatWest referred them back to H.

M didn't accept this and asked the ombudsman service to pursue their complaint.

Our investigator reviewed the evidence NatWest provided about their customer who had received M's money fraudulently. She wondered whether NatWest had missed an opportunity to identify these payments as fraudulent but felt there wasn't necessarily anything they could have done which would have resulted in M not losing out.

She wasn't going to ask NatWest to do anything further.

M didn't accept this outcome and have asked their complaint to be referred to an ombudsman.

I completed a provisional decision on 24 October 2025. Like our investigator, I believed there was enough evidence to show NatWest should have done more but I believed this would have made a difference. I was going to ask them to refund half of M's losses from the time that I considered NatWest should have taken action.

M accepted this outcome. NatWest didn't and made various points why this activity on their customer's account wouldn't have necessarily alerted them. They also asked for clarification on one or two aspects which I provided them by way of separate correspondence.

I now have all I need to complete 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.

Having done so I've reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, 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 have been good industry practice at the relevant time.

To help me come to a decision, I've reviewed the evidence provided by M explaining the process whereby they received an invoice and email purported to be from someone they knew they needed to pay. I should confirm that M was the victim of a sophisticated scam, and it would have been difficult for them to identify that a scam was happening.

An initial payment to a different account was returned. I think it's likely based on the evidence that I've seen that the receiving bank identified this as fraudulent, and because of the value, felt it was safer to return this amount to M's account with H. I can see, that unlike the other payments M made to another bank account where there was no effective confirmation of payee bank account details, M did get confirmation that the money was being sent to an account which matched the name they had.

I've also had the benefit of NatWest's evidence showing how their customer set up their account and what they knew about that customer's account behaviour. Their customer set up a business account in July 2023.

I believe NatWest should have been able to identify and stop the two payments received by their customer on 13 November 2023 totalling £90,000. I say this because:

- When the account was set up, existing business turnover was confirmed as £16,000. Additional account information confirms proposed turnover to be around £250,000 despite this being a brand-new company only set up in June 2023. Usage of this account until November had been pretty low-value with only two to three transactions being made a month. There were only two credits which exceeded £1,000. I'm not convinced this reflects any indication of economic activity. NatWest has admitted that whilst this was low, the presence of credits does indicate some level of economic activity. I'm not convinced and there is enough to suggest a pretence of activity rather than any realistic activity.
- The initial payment for £38,046 credited this business account on 10 November. NatWest should have been able to identify this as highly unusual and would have – I believe – needed to complete regulatory checks required for payments of such high-value with no history of this type of activity. As NatWest has pointed out this doesn't

mandate flagging of all high-value transactions, nor would I expect it to. However, based on the circumstances of how this account was run, I still believe the subsequent two high-value transactions to this one should have been identified and acted upon.

- There then followed a series of immediate transfers and expenditure, although I note more than £20,000 remained in the account unused for a few days.
- I've also reviewed this customer's details and what NatWest knew of this individual. It seems to me – although it would be unfair to confirm these details here – that there were a couple of aspects on file which should have alerted NatWest to potential issues. I have provided separate confirmation to NatWest why I believe there were existing flags.

Whilst it is not our service's role to tell banks how to manage fraud claims, it is clear here that if NatWest's processes had been as could be expected, then the funds that credited the beneficiary account on 13 November would have been identified and stopped in time to avoid them being spent.

Like our investigator I have considered what actions NatWest could have taken and whether these would have made any difference. I believe they would have.

I believe NatWest would have questioned their own customer to assess their entitlement to these funds. In my experience it's not unusual for a fraudster to avoid these questions from their bank totally. And I consider there would have been sufficient questions raised – even if the fraudsters had been able to provide a fraudulent invoice – for NatWest to undertake a business review into the account-holding of their customer. They'd been notified of the type of business being carried out and I have to wonder whether NatWest would have fallen for the supply of fraudulent invoices.

Any review carried out by NatWest may well have taken time, and certainly wouldn't have been completed within a week, this would have meant by this time M would have altered H to being a victim of a scam. I also believe it's more than possible that if H had been prompted to go back to M with further questions, they may have become aware of the scam earlier.

That said, I have taken into account the role that M's own actions played here in deciding what proportion of the money M lost that NatWest should repay. I'm in no doubt that M's actions contributed to what happened, although I should stress that in no way am I blaming them for being a victim of fraud.

- The evidence shows that the payment that was returned to Makins by the other recipient bank was identified to not match the payment recipient. She believes it is a reasonable assumption to make based on that evidence that it was returned as potentially fraudulent.
- She's unsure why NatWest questions why they shouldn't have identified two new high-value payments totalling £90,000 as requiring further investigation, based on regulatory requirements placed on financial institutions. The account-opening information for NW's customer is sketchy, shows no electoral roll information, shows a much more likely lower annual turnover, and more importantly no evidence of economic activity to date by the time of these payments.

Putting things right

I consider that sharing liability is the best way forward and I will be asking NatWest to repay half of the £90,000 sent to their customer's account on 13 November 2023, along with 8% simple interest from the date of the payment to the date of settlement.

My final decision

For the reasons given, my final decision is to instruct National Westminster Bank Public Limited Company to:

- Refund £45,000 to M; and
- Add 8% simple interest from 13 November 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 29 December 2025.

Sandra Quinn
Ombudsman