

## **The complaint**

Ms L complains about the way National Westminster Bank Plc handled her transactions disputes and closed her account.

## **What happened**

Ms L had an account with NatWest. Ms L has explained that the account wasn't her main account, she didn't use it much, didn't know the PIN and maintained a minimal balance. In May 2022, Ms L says she was the victim of fraud. Ms L said fraudsters attended a NatWest branch pretending to be her in order to obtain a new bank card and reissued PIN for her NatWest account.

Following this, Ms L said her post was intercepted, including the new bank card and PIN and stolen by a gang of fraudsters who appeared to be targeting all of her and her bank accounts. Ms L says the fraudsters then gained access to a number of her bank accounts, and stole money, including £480, which was withdrawn from her NatWest account in two transactions on 25 and 26 May 2022, via an ATM. At the time the balance of Ms L's account was £487.80.

On 25 May 2022, the contact number registered for Ms L's account was changed. On 19 July 2022, two payments of £7,000 and £700 were made into Ms L's account. NatWest were notified by another bank that these payments were fraudulent and subsequently returned the funds to the sending bank.

On 19 July 2022 Ms L received an email from NatWest about re-registering online banking. The following day Ms L was surprised to receive another email from NatWest asking her to provide feedback on her visit to a London branch. Ms L hadn't visited the branch and thought the email was a phishing scam.

On 19 July 2022, Ms L had a transaction declined on her account and her card was blocked. So, she contacted NatWest by phone by failed security questions. NatWest told the bank that about the fraud issues she was experiencing and agreed to visit a branch with her identification. She later visited a branch with her passport.

Ms L reported the matter to police and spoke to her local postman. The police arrested an individual for theft of post and the postman confirmed that he and other postal workers had been approached by several individuals asking to be given Ms L's post over a number of weeks, leading up to the disputed transactions.

On 20 July 2022, an individual was arrested by police near Ms L's address for mail theft. Ms L contacted NatWest and her other banks and asked them to refund her money. Ms L's other banks accepted that Ms L had been the victim of fraud and refunded the money that had been stolen by the fraudsters.

NatWest looked into Ms L's fraud claim. As part of its investigation, it confirmed a new bank card and PIN was reissued for Ms L's account on 19 May 2022. And that these were sent to

Ms L's home address separately, after an individual (they believed had been Ms L) had attended a branch. NatWest explained that its process to issue a new card and PIN reissue required proof of identification, but it couldn't say what had been provided by the individual during the visit. However, as part of its process phot ID would have been needed to be provided.

NatWest declined to refund Ms L – it took the view that it was more likely than not that Ms L authorised the ATM withdrawals in May 2022 – because the new bank card and reissued PIN were sent to her home address. And that it was likely that Ms L had received them.

Ms L complained. She told NatWest that she did not authorise the payments and that her account had been targeted by fraudsters who had stolen her identity. She said the transactions were made without her knowledge or permission, and she only found out about them after the fact. NatWest maintained its position, so Ms L brought her complaint to our service. In her complaint for she said she wasn't bothered by NatWest closing her account but wanted the bank to refund her the balance of her account which she set out to be £7,227.80 – including the two fraudulent payments.

Our investigator looked into things but didn't think NatWest needed to do anything more. In summary they said:

- Ms L couldn't explain her entitlement to the two fraudulent payments she'd been received into her account on 19 July 2022, and why she had received the funds.
- NatWest had provided evidence to show that two cards had been issued to Ms L for her account in February 2019 and May 2022. It had also shown that a reissued PIN had been sent to Ms L's address.
- Ms L had confirmed to us that she had received two cards. And had not shared her PIN with anyone else or written it down.
- There was no evidence Ms L's mail had been intercepted.
- The disputed transactions took place two months prior to further fraudulent activity taking place which was unusual.
- It was more likely than not that Ms L had carried out the transactions or had allowed someone else to do so.

Ms L disagreed, saying she had not been involved. She maintained that she hadn't carried out the transactions, had reported the matter to the police and spoke to the postman and she'd lost her own money. She clarified that she didn't know anything about the fraudulent money that had been paid into her account. And that she had been the victim of fraud. She provided a recording of a conversation with her postman and emails between her and the police to support her explanation.

As no agreement could be reached the complaint was passed to me to decide. Prior to issuing this decision I contacted NatWest and asked them based on Ms L's evidence to review its position. After reviewing things, NatWest decided to change its position. To put things right NatWest offered to refund Ms L's account balance, pay her £500 compensation for the trouble and upset the matter has caused Ms L and interest for loss of use of her funds.

The investigator relayed NatWest's offer to Ms L. She said she didn't think it was enough – despite initially setting out that this was what she was seeking as a resolution to her complaint. She said at the time she was undergoing treatment for a serious health condition,

and the matter had caused her a great deal of stress and upset, so she wants more compensation.

After reviewing the evidence and circumstances I issued a provisional decision in which I said the following:

*Did Ms L authorise the transactions?*

*The relevant regulations to authorisation of payments are the Payment Services Regulations 2017 (PSRs). The general principle in the regulations is that if Ms L didn't authorise the payments, then she won't be liable for them. In this case Ms L has denied making the transactions from her account. The evidence provided by NatWest show that the two ATM withdrawals were made using the bank card that was ordered in branch on 19 May 2022, and authenticated using Ms L's correct PIN.*

*However, there's evidence that Ms L's identity, post and several of her bank accounts, including her NatWest account had in fact been compromised by fraudsters. NatWest claims that it must be Ms L that made the withdrawals as they were done using her bank card and PIN which it sent to her home address.*

*Ms L has told our service she'd been targeted by fraudsters and provided evidence to support what she's said. I'm persuaded that I should consider this issue seriously. Firstly, whoever carried out the disputed transactions needed to be in possession of Ms L's bank card and PIN.*

*From the evidence I've seen, someone went to a NatWest branch on 19 May 2022 and ordered a replacement bank card along with a reissued PIN. It was this card that was used to carry out the disputed transactions. NatWest can't say for sure who this was because it has no record of what identification was provided to initiate the request. So, I can't be sure that this was Ms L.*

*NatWest has said it sent the card and PIN to Ms L's address. But given what Ms L has said about her post being stolen along with her identification, that doesn't mean Ms L received them. This isn't necessarily conclusive. I can't say how exactly the fraud was committed and who was involved. But there seems to be links to Ms L's post and identity being stolen in this case, and the links seem more than fanciful. I've also considered the wider circumstances of this complaint including that the contact details on Ms L's account were changed, and different passports in Ms L's name were used on at least two separate occasions to pass security in order to change these account details.*

*In the full circumstances of the complaint, I'm inclined to say that Ms L's story is largely credible. On balance I'm persuaded that it's more likely than not she didn't authorise the payments from her NatWest account, and that they came about through her post being intercepted and unknown third parties gaining access to her bank card and PIN. However, I will reconsider this should further evidence be provided.*

*NatWest has offered to refund Ms L's account balance, add interest for loss of use of these funds. And pay Ms L £500 compensation for the trouble and upset the matter has caused her. Ms L says this isn't enough.*

*Firstly, I'll deal with Ms L's financial loss. Ms L hasn't claimed ownership of any of the funds transferred into her account on 19 July 2022, so it wouldn't be reasonable to award her any of these funds. So, from what I can see the loss she's suffered is her NatWest account balance. As such, I think it's reasonable for NatWest to refund this directly to her. And add simple interest at 8% simple per Annum for loss of use of these funds to reflect the time without these funds. I'm satisfied that this fairly compensates Ms L for her financial loss.*

*NatWest has also offered Ms L £500 compensation – Ms L wants more. I do understand that Ms L would have found the matter distressing. I'm grateful for Ms L being open and candid about her health and how she's felt. But I think NatWest's offer is a generous offer. In reaching this conclusion I've kept in mind Ms L didn't use the account for day-to-day spending and held a low balance at the time. So, I think the impact of NatWest's actions here would not be significant. So, I do not find NatWest need to pay Ms L any further compensation.*

*In reaching this conclusion, I do think NatWest could have investigated more thoroughly – such as asking more questions about what was happening to Ms L and securing Ms L's account. If they had done so, I think it's more likely than not they would have uncovered the wider picture of what happened here and come to the conclusion that Ms L had more likely than not been the victim of a sophisticated fraud.*

My provisional decision was that I upheld Ms L's complaint and intended to direct NatWest to put things right by, refunding Ms L's account balance along with 8% simple interest for loss of use of the funds. And pay Ms L £500 compensation in recognition of the trouble and upset the matter had caused her.

NatWest accepted my provisional decision. Ms L disagreed and made some further comments for me to consider. In summary she said:

- She has suffered severe personal impact. This situation has contributed to her requiring 19 sessions of counselling, the cost of which has not been acknowledged or reimbursed by NatWest.
- The bank has neither acknowledged nor apologised for their failings and the significant impact on her mental health.
- The bank created a bureaucratic maze by requiring simultaneous branch presence and phone communication with their fraud team, resulting in multiple wasted visits and hours on hold (once exceeding 3 hours while in branch).
- They shared her personal information with Lloyds Group's First Party Fraud team without her consent, then used this transfer to abdicate responsibility for the issue.
- The First Party Fraud team provided contact information while simultaneously stating they couldn't be contacted.
- NatWest's solution was to terminate her account, effectively blocking her ability to pursue the matter through normal customer service channels.
- This creates a concerning pattern where customers whose accounts are terminated lose their ability to seek resolution.
- This approach of account termination likely affects other fraud victims who are now unable to raise complaints as they are no longer customers.
- The practice of sharing customer data between NatWest and Lloyds Group, followed by both institutions refusing to engage with affected customers, creates a systemic barrier to resolution.
- The emotional and psychological impact, evidenced by her need for counselling, demonstrates the severe personal toll of their actions, which hasn't been adequately addressed in the compensation consideration.

Now both sides have had an opportunity to comment I can go ahead and issue 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.

I've thought carefully about Ms L's comments in response to my provisional decision.

Ms L seeks more compensation for the time he spent dealing with the issues that arose following NatWest' decision to make D's account dormant. I agree Ms L had to spend time and effort rearranging matters and dealing with NatWest. However, I don't consider higher compensation that Ms L seeks is appropriate. Although this was an account Ms L maintained for a number of years, I can't see that it was its main account for her day-to-day spending. Further, in the two years leading up to the disputed transactions the account hadn't been utilised much at all. As such, I don't consider the impact to be so extensive that the compensation needs to be increased.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In Ms L's case I've considered the timeline of events, actions Ms L had to take, and what she's said about the impact. Having done so I'm satisfied the £500 compensation award together with refunding Ms L's balance alongside the 8% simple interest for being deprived of funds recognises the trouble and upset caused. So, I won't be asking NatWest to do anything more to resolve Ms L's complaint.

Finally, I acknowledge Ms L's comments around how she believes NatWest should communicate with other banks – particularly when customers have been the victim of fraud. It's important to explain that it's not the role of this service to supervise, regulate or impose fines on any business. It's also not our role to ask a business to alter its procedures or enforce changes to policies. That's the role of the regulator, The Financial Conduct Authority. My remit here is to decide whether I think NatWest acted fairly and reasonably when applying those policies and procedures in the individual circumstances of Ms L's complaint. However, I note that NatWest has acknowledged Ms L's comments and said that it will review how it communicates in the future. I hope this gives Ms L some level of comfort that NatWest have taken on board her comments.

In summary, I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold Ms L's complaint. To put things right National Westminster Bank Plc should do the following:

- Refund Ms L's account balance (prior to Ms L receiving any fraudulent funds on 19 July 2022) - that were taken when the disputed transactions were carried out, which is £487.80.
- Pay Ms L 8% simple interest for loss of use of Ms L's account balance from 25 May 2022 up until the date of settlement\*.
- Pay Ms L £500 compensation for the trouble and upset this matter has caused.

\*If NatWest Ltd considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Ms L how much it's taken off. It should also give Ms L a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 8 April 2025.

Sharon Kerrison  
**Ombudsman**