

The complaint

Mr G complains that National Westminster Bank Public Limited Company (as the recipient bank) didn't do enough to prevent the loss he suffered when he fell victim to a scam.

Mr G has used a representative to bring his complaint. But, for ease of reading I'll mostly just refer to Mr G himself when I also mean the representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In 2021 Mr G says he was the victim of a scam. He was introduced to an 'investment opportunity' with an individual who he believed was in the early stages of setting up a hedge fund.

Mr G says he was shown evidence that this individual was making the 10% monthly returns he said he could achieve. He decided to invest and as a result made a payment of £300,000 from his account with another bank to the account details he was given. This payment took place on 7 June 2021. The money arrived in an account held with NatWest. There were also two further payments (each for £35,000), which didn't go to the NatWest account and which were part of the overall scam but aren't relevant to this complaint.

Mr G says when he tried to make a withdrawal from his 'investment' he found he was unable to. He says he contacted the trading platform he believed the individual was using and discovered he didn't have a real account.

In October 2022 Mr G complained to NatWest. He alleged they'd failed by allowing a scammer to open an account. He also said they'd failed to appropriately monitor the account and that they didn't do enough when the scam was reported.

NatWest responded to the complaint and in summary said there was no bank error. They didn't offer any redress. The matter was referred to our service and in March 2025 I issued a provisional decision in which I said:

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

Firstly, I'm satisfied that it can fairly be said that the payment Mr G made into the NatWest account can fairly be considered to have been as a result of an authorised push payment (APP) scam. Mr G understood his payment was to be invested in a specified account to be traded on his behalf by the accountholder. And there is no evidence to support this is what happened. The money primarily seems to have been paid away to other individuals and to other accounts belonging to the accountholder.

I've considered NatWest's actions when opening the account and have seen evidence of the documents taken during that process. And I'm satisfied that NatWest correctly followed their procedures when opening the account. Indeed, there doesn't seem to be any dispute as to

the identity of the accountholder. And I don't think NatWest reasonably could've known (when opening the account) that it would later go on to be used in connection with a fraud or scam. So, I don't think there were any failings connected to the opening of the account that can fairly be said to have caused Mr G's loss.

I also note that at the time of Mr G's payment NatWest were a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). And given the sending bank was also a signatory, it is a relevant consideration in this complaint.

However, in relation to the expectations on a receiving bank, at R2(2) the CRM Code says:

"In assessing whether a Customer should be reimbursed or not, Firms should consider... whether the acts or omissions of the Firms involved in trying to meet the Standards for Firms may have impeded the Customer's ability to avoid falling victim to the APP scam."

So in order for me to uphold this complaint under the CRM Code (or otherwise), I'd need to be persuaded that any failings by NatWest had a material impact on Mr G being a victim of the scam and the associated loss.

The first activity on the newly opened NatWest account was in March 2021. And in the first few months of operation, significant amounts were received in the account. There was over £200,000 received in the account during April 2021. Many of the incoming payments which made up that activity, included the reference 'contract' which might suggest that some sort of business activity was taking place.

Further to this, there is evidence of payments out to platforms that can be used to invest / trade funds. And between March and April 2021, over £100,000 went to one such platform. I'm also aware of payments from the NatWest account to an account in the same name with another bank around that time. And from that account, there were further significant payments to similar platforms that totalled over £50,000.

But if challenged as to the activity at that point, the accountholder likely would've explained that he was investing on behalf of others. And the significant sums that had been moved on to the platforms I've mentioned would have appeared to have been in line with what he said he was doing with the money. This may well have ended up being outside of NatWest's risk appetite. But I don't think they would've had enough at that point to confirm that their accountholder was acting dishonestly or misappropriating funds. I've also taken account of the fact that around this time (May 2021) the accountholder had control or use of at least two other bank accounts. So even if NatWest had closed the account, I don't think this would've uncovered the scam or prevented further losses at that point.

So whilst I think NatWest should've intervened and asked questions about the account activity (for the same reasons as those I'll set out below) by no later than May 2021, I'm not persuaded this would've uncovered the scam or have prevented further losses. However, as we move into June 2021, the activity on the account continued to grow in value.

On 10 May 2021 there had been a £100,000 credit to the account, there was another £100,000 credit on 3 June 2021 and then Mr G's £300,000 credit arrived in the account on 7 June 2021. This meant that in under a month, half a million pounds had been received into the account. And when that was combined with the activity since opening, the account had received £1M. And even if NatWest had previously investigated and been reassured, I think this should have prompted a further review.

NatWest are required to monitor the accounts they provide to combat various risks which include the accounts being used to misappropriate funds. So upon the arrival of Mr G's

payment, I'd have expected NatWest to have had a more detailed look at the account and to have taken steps to reassure themselves the account wasn't being misused. I'd also have expected them to have prevented further funds leaving the account until they were satisfied. Even in relation to Mr G's payment alone (setting aside the other significant amounts arriving in the account), I don't think it's unreasonable to expect NatWest to have performed additional due diligence. And unlike previously, I've not seen evidence to support that the accountholder would've been able to evidence further credits to any trading platforms or similar. So if a further explanation had been requested, the objective evidence wouldn't have supported what NatWest likely would've been told.

The account had received around £1M, yet the accountholder would only have been able to evidence at most around £150,000 moving to platforms where investment / trading might reasonably be expected. So a comparatively small amount of the funds received had gone to any form of trading or investment platform. The evidence supports they were sent from the account to various parties and to the accountholders own account elsewhere.

And if NatWest had asked about the source of the incoming funds, it's possible the accountholder would've provided the contracts between him and his 'clients'. But this likely would've been a further cause of concern as the contract said that money would be paid into a particular numbered account, and I've not seen evidence of any of it going to that specific account. The returns promised were also entirely unrealistic for a 'risk free' investment as it was presented, which would've been a reason for NatWest to have thought something was amiss.

By this point, I think there would've been enough for NatWest to have had serious concerns that the account was being misused. There were significant sums credited to the account (around £1M) with no persuasive evidence that these payments were being used in the way in which the senders had intended. The net result of the steps I'd reasonably have expected from NatWest at this point would've prevented the further continuation of the scam.

And because I think NatWest failed with regard to the expectations on firms under the CRM code in relation to their actions on this account (in the context of Mr G's payment), I think it's fair and reasonable that they should provide redress under the code. I also note that some of NatWest's internal notes that they have provided, indicate that they initially assessed themselves as being liable under the CRM code when they received Mr G's report in relation to his £300,000 payment.

I'm aware that one of my colleagues on the linked complaint about Mr G's own bank is intending to find that it too failed under its expectations under the CRM Code. And they are also intending to find that it is fair for that bank to rely on an exception to full reimbursement in the code as Mr G didn't have a reasonable basis for believing this 'investment' opportunity was legitimate. I won't repeat all the reasons given (as Mr G will be aware of them from the linked complaint), but I agree that I don't think Mr G had a reasonable basis to believe this to be genuine. If nothing else, he was promised a 10% monthly return, generating £30,000 per month or £360,000 per year, from his initial £300,000 investment alone. And that this was a guaranteed return, with no downside risk to him. I think that is something that clearly sounds far too good to be true, such that it isn't reasonable for it to have been accepted as genuine.

Putting things right

Where both the sending and receiving firms have failed in their obligations under the code, and one of the exclusions to full reimbursement applies (as it does here). The code sets out that the payable redress should be 66%, split between the two banks with (in this case) Mr G assuming responsibility for the remainder of the loss.

So in light of that, and knowing that my colleague is intending to award Mr G 33% of his loss for the £300,000 against his sending bank. I'm intending to direct NatWest to pay Mr G 33% of the £300,000 that he credited to their account. And as he has been without the use of that money in the meantime, I also intend to direct that 8% simple interest be added to be calculated between the date of the payment and the date of settlement."

Mr G responded to say he accepted my provisional decision. NatWest questioned why an investigator hadn't initially reviewed this complaint, they also raised some further points which I'll address below.

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.

A provisional decision was issued in relation to this complaint. And a fair opportunity has been provided to both sides to provide responses to support their position. This is what is required under the rules that govern our service. It is for our service to decide whether an Investigator or an Ombudsman provides an initial, provisional assessment. And I don't agree that NatWest have been disadvantaged by us choosing the latter in this case.

NatWest say that the notion that an intervention would've made a difference is based upon an assumption that the scammer would not have been able to provide compelling evidence. They've pointed out the sophistication of the scam and have suggested that the scammer likely would have amended documents if asked. They don't agree that they could've been expected to have uncovered the scam, prior to receipt of notification from the sending firm.

NatWest also don't agree that it would've been reasonable to expect them to reach out to the sending bank, especially where the likely conclusion following a conversation with their customer would've been that this was an unregulated investment. They also asked why our service thinks NatWest's handling of this matter has been incorrect. They say they were awaiting the sending firm confirming this was a scam under the CRM Code, and in light of this, their actions to date have been fair.

I accept that this was a scam with a certain level of sophistication. And that the accountholder likely would've attempted to conceal the true nature of what was going on from NatWest if asked. And I've acknowledged this in concluding that it's most likely that NatWest would've been reassured in the way I've described above in April / early May 2021.

But like all attempts to balance the competing demands of attempting to stop fraud and scams with not unduly interrupting customers use of their accounts, I think it's important that there is a level of proportionality. And the circumstances of this complaint, combined with the very large sums involved, mean I still don't think it's unreasonable to expect additional due diligence from NatWest when faced with a relatively newly opened personal account that had received over £1M in its first few months of operation.

And its against that backdrop that I don't think it would've been reasonable for NatWest to have simply relied upon what their accountholder most likely would've shared. I've not seen evidence to support that more than a nominal percentage of the payments received in this account were put towards any sort of investment or trading platform. And whilst unregulated investment isn't illegal, it is an area that is open to potential abuse by scammers.

Bringing this back to Mr G's £300,000 payment, I don't agree that it would be overly burdensome or unreasonable (particularly when this payment came from another FCA

regulated bank) to expect NatWest to have contacted Mr G's bank about this payment. I'm not suggesting this is something that should be done as routine. But as I've said above, this is about proportionality, given the risk any individual set of circumstances present. This would've given NatWest an opportunity to verify whatever it was their account holder would've told them about that payment. And I've no reason to think that Mr G (via his bank) wouldn't have shared the true position, that being that this was towards an investment and potentially to have added the guaranteed nature of the expected return. The activity that NatWest would've seen on the account wouldn't have supported that a meaningful percentage of the funds received were being invested and this ought to have raised concerns. So whilst I acknowledge NatWest's point about there not being a duty of care between them and Mr G (who wasn't their customer), this is about NatWest's ongoing obligations to attempt to prevent the accounts they provide being used in furtherance of crime. And in practical terms, I'm aware of occasions where UK based banks have communicated with each other in the way I've suggested above. So, I don't think this is something that doesn't (on occasion, and as appropriate) already happen from time to time.

NatWest also say my application of R2(2) of the CRM code as quoted above was inaccurate. I'm not entirely clear what NatWest mean by this, and I don't agree. That part of the code says that consideration must be given to whether a firms actions in trying to meet the standards of the code impacted the customers ability to fall victim to the scam. This part of the code potentially acts in favour of the bank as it indicates that it isn't necessarily enough for there to have been a failure, but that the failure must've impacted the consumers ability to fall victim to the scam. Or in other words, the failure must've made a difference. And for the reasons set out, whether looking at this complaint under the CRM Code, or under NatWest's more general obligations to try to prevent fraud and scams, in either case I think there were failures which impacted the loss to Mr G.

The final point raised by NatWest was that they were awaiting the sending firm to confirm a scam had happened, and that they couldn't act until such time. I've considered this but it doesn't impact the outcome of this complaint. For the reasons set out, had NatWest done all they should've in the monitoring of this account. I think the losses suffered by Mr G would've most likely been prevented.

Having considered all NatWest have said (and having taken account of the wider circumstances), I'm not persuaded to deviate from the outcome set out in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint.

National Westminster Bank Public Limited company must pay Mr G 33% of the £300,000 that he credited to their account. And as he has been without the use of that money in the meantime, 8% simple interest must be added to be calculated between the date of the payment and the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 June 2025.

Richard Annandale
Ombudsman