

The complaint

Miss A is unhappy NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't refunded her the money she lost after falling victim to an authorised push payment ('APP') investment scam.

What happened

The details of this case are well-known to both parties, so I don't need to repeat them at length here. In summary, Miss A fell victim to an investment scam.

Miss A's father – whom I'll call 'Mr Y' met an individual whom I'll call 'Mr B' while he was providing a taxi service to Mr B. Mr B presented himself as being very successful and claimed that he was an investment broker. Mr Y and Mr B switched contact details and Mr B advised Mr Y that if he wanted to invest and buy stocks and shares to get in touch with him. Mr Y subsequently got in touch and was invited to visit Mr B's home to discuss making an investment.

Mr B told Mr Y to download a well-known trading app – which Mr Y couldn't do on his phone. This led to Miss A downloading it on her phone. Unsure of what to do, as they had no experience in investing or buying stocks and shares, Mr B advised that Mr Y and Miss A could transfer funds to his personal account, and he would then invest on their behalf.

Miss A and Mr Y both made payments from their respective bank accounts with Miss A making a payment for £4,000 on 6 September 2024 and then £750 and £1,250 on 7 September 2024. In order to facilitate the transfers from NatWest, Miss A transferred some family savings she held at another banking provider.

Unfortunately, Mr B was a scammer – and both Miss A and Mr Y lost their money.

Miss A complained to NatWest about what had happened, but it didn't uphold her complaint as it considered there had been no bank error. NatWest also advised that it had intervened when Miss A made the first payment – but Miss A provided an inaccurate reason for the payment. NatWest attempted to recover the funds from the beneficiary bank (the bank where Miss A had sent her funds to) but was unable to recover any funds.

Unhappy, with NatWest's response, Miss A brought her complaint to this Service.

Our Investigator looked into things but agreed with what NatWest had said – and so didn't uphold the complaint either.

Miss A has asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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'm sorry to disappoint Miss A but I'm not upholding her complaint. I know she's been the victim of a scam. But I don't believe NatWest has acted unfairly or unreasonably in its answering of the complaint to decline reimbursing Miss A. I'll explain why.

There's no dispute that Miss A authorised the payment that is the subject of this complaint, even though she did so as a result of being deceived by a fraudster. Broadly speaking, under the account terms and conditions and the Payment Service Regulations 2017, she would normally be liable for it. But that isn't the end of the story.

Where a customer has been the victim of a scam it may be appropriate for the bank to reimburse the customer, even though payments have been properly authorised. Of particular relevance to the question of what is fair and reasonable in this case is the Lending Standards Board's Contingent Reimbursement Model Code (the 'CRM Code') which was in force at the time Miss A made the payments and which NatWest was a signatory of.

The CRM Code required Firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances and it is for NatWest to establish one of the listed exceptions to reimbursement as set out in the CRM Code applies.

Under the CRM Code, a Sending Firm (in this case NatWest) may choose not to reimburse a customer if it can establish that*:

- The customer made payment without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning.

**Further exceptions outlined in the CRM Code do not apply to this case.*

In this case, I think NatWest has been able to establish that it may choose not to reimburse Miss A under the terms of the CRM Code. I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

Taking into account all of the circumstances of this case, including the characteristics and complexity of the scam, I don't think Miss A had a reasonable basis for believing the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

In order to determine whether this exception to reimbursement applies, I must ask if she made the payment she did whilst having a reasonable basis for belief that all was genuine. Having carefully reviewed everything I'm afraid I don't find that's the case. I'll explain why.

Sadly, it seems in this case that Miss A (and her father) took everything they were told at face value. They didn't know Mr B and Mr Y had only provided him with a taxi service. Mr B had told them to try and download a well-known trading app. But Miss A and Mr Y were unsure as to how to use this, as they said they didn't have any knowledge of investing or buying stocks and shares. This led to them deciding to transfer funds directly to Mr B for him to trade on their behalf. But the reality is that Miss A and Mr Y didn't know this person or had no way of knowing that he would actually trade on their behalf and then provide them with their profits or returns.

While I appreciate Miss A isn't an experienced investor, the returns Mr B advised he could make – 50% in two weeks is simply too good to be true and ought to have raised a concern as to how these returns could be obtained in such a short space of time.

When making the payment – I also note that Miss A says Mr B told her to provide an inaccurate reason for the payment – advising that if she said it was to invest in stocks and shares then as banks have their own investment accounts, they wouldn't allow the money to be transferred. So Miss A was being asked to mis-lead her bank which again ought to have given Miss A cause for concern and that things might not be as they seem.

I think Miss A (and her father) needed to approach things with far more caution than they did. I also think it would be fair and reasonable to say that further research and checks ought to have been carried out to verify Mr B prior to sending him money.

So, I think NatWest can fairly rely on one of the exceptions to reimbursement – that Miss A made the payment without a reasonable basis for believing that the payment was for genuine goods or services and/or the person or business with whom she transacted with was legitimate.

Should NatWest have done anything else to prevent the scam?

Good industry practice requires that regulated firms such as NatWest engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identified a risk of a customer falling victim to an APP scam, it was required to provide that customer with an 'effective warning'.

Here, when Miss A made the first payment of £4,000 to Mr B, it was stopped for some additional checks by NatWest. Miss A provided an inaccurate payment reason as to the purpose of the payment – advising it was for a car, and she was paying her father's friend. So, NatWest was unfairly prevented from providing a more accurate scam warning. As a result, NatWest attempted to provide a relevant scam warning given the potential risk posed based on the information it had been provided with. Given the reason for the payment and NatWest actions in trying to provide a relevant scam warning to Miss A, I can't fairly say NatWest failed to meet the standards required of it under the CRM Code.

And I don't think the CRM Code required that NatWest display an effective warning as part of the payment process for the later payments Miss A made as they were made the next day, were of a smaller amount and were going to an established payee. And I'm also mindful NatWest had already spoken to Miss A about that payment and payee and believed the funds were being used to fund a car purchase.

Recovery of funds

I have also considered whether NatWest did all it could to try and recover the money Miss A lost. NatWest was limited in terms of what it could do here; it could only ask the Receiving Firm to return any money that remained in the recipient's account. It needed to make enquiries quickly for the best chance of recovery. The evidence I've seen persuades me NatWest did act quickly. Unfortunately, Miss A reported the matter around two weeks after she had made the payments. Sadly, it is common for fraudsters to withdraw or move the money on as quickly as possible. So, while NatWest didn't receive a prompt response from the beneficiary bank advising funds remained – it was sadly always likely the case that the funds had been moved on. And I note that NatWest did ultimately receive a response that confirmed no funds remain.

Other concerns

I note that Miss A has questioned how Mr B as a fraudster was allowed to open a bank account and defraud people. I understand Miss A's strength of feeling here – and she can complain to the receiving bank should she wish to. However, this decision solely focused on the actions of Miss A's bank, NatWest, when she made the payments and whether its decision to decline to reimburse her for her loss under the provisions of the CRM Code was fair.

Summary

I'm sorry Miss A lost her money in this way, and I don't underestimate her strength of feeling and why she thinks this money should be returned. But for the reasons explained, I don't find that she had a reasonable basis for believing the payment was for genuine goods or services; and/or the person or business with whom she transacted was legitimate. So, I consider it was fair and reasonable for NatWest to decline to reimburse her for her losses under the CRM Code. And I can't fairly say there were any other failings by NatWest that meant it was liable in some way.

My final decision

For the above reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 October 2025.

Matthew Horner
Ombudsman