DRN-5623554

The complaint

Mr S complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY trading as Ulster Bank ('Ulster') won't refund the money he lost to an investment scam.

He's represented by a firm of solicitors. To keep things simple, I'll refer to Mr S throughout this decision.

What happened

In summary, Mr S says that, in August 2023, he received a message from someone he didn't know and who had seemingly contacted him by mistake. The communication between them nevertheless continued and a relationship started to develop. He later discovered he'd connected with a scammer.

Mixed in with casual chat on common themes and interests, the scammer presented as a successful investor and soon offered to 'help' Mr S with making profits in cryptocurrency. And believing he was dealing with someone he could trust, he began making payments for 'investment' as instructed. As part of the process, he was given access to what looked like a genuine trading platform and instructed to open accounts with legitimate crypto-exchanges. Payments to the scam were also funded from accounts Mr S held with other firms, including his 'personal' bank ('H') and at least one other electronic money institution ('R').

He realised he'd been scammed when he was repeatedly asked to pay 'fees' in order to withdraw funds and then found information online indicating that what was happening to him was likely a scam. By that time, around £130,000 had been sent from his Ulster account in a series of payments between October 2023 and February 2024. To note, some of the money used to fund the scam was from loans Mr S took out with various lenders.

A complaint was made to Ulster in May 2024 and referred to our Service. Our Investigator considered it and didn't uphold it. In brief, he thought Ulster should have had concerns and done more to protect Mr S. But given H and R weren't able to prevent the scam, despite their interventions and warnings, he wasn't persuaded an intervention from Ulster would have likely made a difference to what happened either.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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 decided not to uphold it for similar reasons as the Investigator.

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

It's not in dispute that Mr S authorised the transactions in question, so he's presumed liable for his losses in the first instance. But that's not the end of the matter. Taking longstanding regulatory expectations and requirements into account, and what I consider to have been good industry practice at the time, Ulster should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I agree with the Investigator that Ulster didn't do enough to protect Mr S from a heightened risk of financial harm from fraud. It should have been aware, at the time, of increasing trends in multi-stage fraud. And significant amounts were sent internationally to new payees (likely operating in the peer-to-peer market). I'm satisfied it ought to have had concerns about the pick-up in payment activity and that it was a failing on its part not to question Mr S to find out more about what was happening. I don't consider the warning it says would have been presented to Mr S when making online payments went far enough in this case.

That said, it's important to emphasise that for me to uphold this complaint (in terms of causation), requires more than a finding that Ulster should have done more. I'd need to be satisfied that, but for any failings on its part, Mr S wouldn't have lost his money.

As noted by the Investigator, while it seems Ulster didn't intervene in a meaningful way, other firms did, at different times. There were several calls between Mr S and H (including a branch visit) to discuss payments in October 2023. And 'live' chats with R in October 2023 and February 2024. I can accept that Mr S was upfront about his intentions to 'trade' in cryptocurrency – and it's important to keep in mind that this is generally a legitimate activity.

At no point though, during those interactions, was relevant information shared with either H or R about the wider circumstances. In reply to key questions, Mr S instead maintained he wasn't being assisted and was acting alone; that he was self-taught and had carried out his own research into the 'investment'; that he wouldn't send money to anyone who'd contacted him unexpectedly; that he'd been able to withdraw and would be investing within his crypto-exchange; and that he'd not been asked to provide misleading answers when questioned.

He was given several relevant warnings – including unsolicited contact, the involvement of third parties, being rushed in fear of missed opportunities, requests for 'fees' to withdraw funds. And he was given detailed explanations of common scam scenarios matching what he was involved in. For me, it's clear from those interactions that Mr S was heavily under the scammer's 'spell' and wasn't prepared to provide answers that were consistent with the truth. It's also clear from the scam chat, Mr S had been led to distrust banks, reverted to the scammer on payment blocks, followed their guidance, and took steps to find ways around them – including opening new accounts and buying from sellers in the peer-to-peer market.

On the evidence, I can't fairly and reasonably conclude that he'd have likely been more forthcoming if, in addition to H and R, Ulster had also stepped in. On balance, I think it too would probably have been misled and I can't rule out the possibility of Mr S finding (or being guided to find) other ways to make payments if necessary.

I've thought carefully about Mr S's comments that the complaint should be upheld on the basis that Ulster failed to invoke banking protocol. But I don't think the circumstances were such that this would have been the only proportionate response. I'm not persuaded the spending activity alone (without other significant factors) meant Mr S should automatically have been referred to branch. And while I again accept Ulster should have stepped in, I'm not convinced its intervention, considering also how Mr S engaged to alleviate other firms' concerns when they stepped in, would have resulted in alarm bells being raised to the extent that it would have been remiss not to invoke banking protocol. Nor is it clear to me that branch and Police involvement would necessarily have led to a different outcome.

This isn't a decision I've made lightly. I recognise Mr S was an unsuspecting victim in all this.

I don’t imagine he went along with any of it thinking he’d lose his money. But I can only direct Ulster to refund his losses if I’m satisfied any failings on its part made a material difference to what happened. For the reasons I’ve given, I’m not convinced that they did.

As for recovery, there was little Ulster could have done. For the transfers to Mr S’s own accounts, those funds had been sent on to the scammer by the time the matter was reported or he would have otherwise been able to access them himself. For the international transfers, there wouldn’t have been a basis for Ulster to attempt recovery from sellers in the peer-to-peer market. There’s no evidence they were part of the scam itself.

My final decision

For the reasons I’ve given, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 29 September 2025.

Thomas Cardia
Ombudsman