DRN-5741559

The complaint

Mr W complains that National Westminster Bank Public Limited Company (NatWest) won't refund money he says he lost to an investment scam.

Mr W is being supported in making his complaint by a representative. But for ease, I'll only refer to Mr W in this decision.

What happened

The background to this complaint is familiar to both parties, so I'll only refer to some key events here.

Mr W has said that he was contacted on a social media platform by an introducer (who I'll refer to here as Mr E) about an investment in forex trading (with a company I'll refer to here as 'T'). Mr W was told he'd receive monthly returns of around 10%, which he considered to be realistic.

Mr W has said that before deciding to invest with 'T', he carried out research and found 'T's website to be professional and no negative reviews. He also checked the regulatory status of 'T' – finding that it was registered with a financial services authority based abroad.

Further to that, Mr W said he checked the performance history for 'T' and spoke with other investors who confirmed they'd been able to make withdrawals from the investment. He was also sent a promotional video which he said looked "*very believable*".

Mr W made the following payments as part of the investment. Some payments were made to an account in Mr W's name with a legitimate crypto exchange (which I'll refer to here as 'C'), and to an account held with another banking provider. Mr W initially said other payments were made to four individuals for the purchase of crypto via the peer-to-peer (P2P) mechanism. He's since said this wasn't the case, and that the individuals were unknowingly acting on behalf of 'T' by taking money from investors and converting that into US dollars on 'T''s trading account.

Date	Amount	Payee
07/08/22	£828.33	Individual
21/10/22	£902.59	Individual
27/10/22	£864.45	Mr W (another bank)
28/10/22	£866.61	Mr W (another bank)
03/11/22	£104.19	Individual
03/11/22	£895.81	Individual
04/11/22	£890.97	Individual
04/12/22	£813.01	Individual
05/12/22	£284.04	Individual
10/12/22	£990	'C'
11/12/22	£1,000	'C'
20/02/23	£500	'C'
22/02/23	£450	'C'
27/02/23	£800	'C'
12/05/23	£500	'C'

12/05/23	£400	‘C’
15/05/23	£500	‘C’
27/05/23	£500	‘C’
28/05/23	£500	‘C’

There were also three debit card payments to Mr W’s own account with an EMI totalling £2,592 on 29 October 2023. Mr W’s total claimed loss is £15,182.

NatWest has said none of the payments flagged as suspicious – but that Mr W would’ve received genetic scam warnings tailored to the type of scams seen at that time.

Mr W has said he was unable to withdraw any of his funds. And that ‘T’ converted investors’ money into its own crypto currency coin, which he says is now considered worthless. Because of that, Mr W believes he’s been the victim of a scam.

NatWest doesn’t think it did anything wrong. It said Mr W didn’t do enough to protect himself from financial harm and that he should raise complaints with the beneficiary account holders.

Mr W referred his complaint to the Financial Ombudsman. He argued that NatWest hadn’t done enough to protect him, and he wants his funds returned, together with 8% interest.

Our Investigator didn’t uphold the complaint. In summary, she firstly explained why the Contingent Reimbursement Model (CRM Code) didn’t apply to Mr W’s case given the method and/or destination of the payments. She went on to explain that she hadn’t seen conclusive evidence that Mr W had been the victim of a scam or that he’d suffered a loss.

But even if this could be proved, our Investigator didn’t think the disputed payments would’ve looked unusual or suspicious to NatWest given Mr W’s previous account activity. Furthermore, even if NatWest had stepped in before processing the payments, our Investigator thought it unlikely this would’ve prevented Mr W’s loss.

Finally, our Investigator didn’t think there was any reasonable prospect of NatWest being able to recover the lost funds.

Mr W disagreed and asked for an Ombudsman’s decision. In short, he argued ‘T’ was a scam and that this could’ve easily been uncovered by NatWest if it had intervened appropriately in his payments.

Mr W has also argued that the payments made to individuals should be covered by the CRM code.

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 this complaint. I know this is not the answer Mr W were hoping for, and so this will come as a disappointment. I’m really sorry to hear about the situation he’s found himself in, and I can understand why he’d want to do all he can to recover the money he lost. But I need to decide whether NatWest can fairly and reasonably be held responsible. Overall, I’ve decided that it can’t be. I’ll explain why.

In this decision I’ve focussed on what I think is the heart of the matter here. As a consequence, if there’s something I’ve not mentioned, it isn’t because I’ve ignored it - I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I consider is a fair and reasonable outcome. Our rules allow me to do this, reflecting the informal nature of our Service as a free alternative to the courts.

As such, the purpose of my decision isn’t to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case.

First, I'll address Mr W's point that the payments he made to individuals should be refunded under the CRM code.

As our Investigator has already determined, Mr W hasn't provided much evidence that he suffered a loss because of his dealings with 'T'. But even if I put this lack of evidence of loss to one side and accept that Mr W's money ended up with 'T', from what he's explained about the payment journey in relation to the payments made to the four individuals, the CRM Code wouldn't apply here if I were to make the finding that he'd been the victim of an APP scam. I'll explain why.

The CRM Code only applies to certain types of payment made, in pounds sterling, between accounts based in the UK. But Mr W has explained that, on the advice of Mr E, he sent funds to the four individuals who then transferred those funds to an international account held by 'T' to convert into US dollars. In those circumstances, where the funds were lost to an international account, the CRM Code doesn't apply.

I've thought next about whether there is evidence here of a scam. Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some complaints simply involve high-risk investments that resulted in disappointing returns or losses. Some traders may have promoted these products using sales methods that were arguably unethical or misleading.

However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they don't necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

It isn't in dispute that Mr W authorised the disputed payments. The payments were requested by Mr W using his legitimate security credentials provided by NatWest. In line with the Payment Services Regulations 2017, consumers are liable for payments they authorise. NatWest is expected to process authorised payment instructions without undue delay.

NatWest also has obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on the funds having been lost to a fraud or scam.

Mr W strongly believe that 'T' was operating a scam, and that NatWest ought to have intervened in his payments. But on researching 'T', I can see that it was incorporated in an overseas jurisdiction. It was regulated by the financial services regulator in that jurisdiction at the time of the disputed payments and remained regulated until November 2024 when it had its licence revoked. This was more than a year after Mr W made his last payment.

While regulatory requirements can vary from one jurisdiction to another, in my opinion, a scammer is highly unlikely to want *any* kind of regulatory oversight, given the likelihood of its true purpose being discovered.

I can see that there have been some warnings published on the International Organization of Securities Commissions (IOSCO) website about 'T' and its associated companies. However, I don't think these warnings demonstrate that Mr W fell victim to a scam.

There were also some changes around licensing towards the end of 2024 for 'T', but that isn't enough for me to say a scam was taking place, especially as operational changes can take place at different times. Furthermore, I'm aware that some investors, had (and still have) access to their investment with 'T' but haven't withdrawn it because of the drop in its value.

Taking all this into account, while all this information does indicate that there may have been some poor business practices in some areas, it's not enough evidence that 'T' was set up to defraud customers, as Mr W has claimed.

For completeness, even if I were to accept that Mr W had been scammed and suffered the claimed loss, I don't think NatWest ought to have done more to protect them. I'll explain why.

Based on the activity and the value of the transactions, I don't believe NatWest should've done anything differently. The payments weren't particularly unusual or suspicious in appearance to NatWest considering how account users tend to make use of their accounts.

From looking at Mr W's statements from the preceding months, I can see several crypto transactions (both debits and credits) as well as payments to other forex related companies for within the value range of the disputed payments.

In addition, whilst Mr W's claimed loss is over £15,000 – this wasn't made in one large payment. Rather, this was made in smaller increments (no more than £1,000 at any one time) over a period of nine months, to several different payees.

Given all this, I think it's reasonable that NatWest didn't view the disputed transactions as suspicious given they were in line with Mrs W's normal account activity. I don't therefore find that NatWest missed an opportunity to step in here.

Further to that, for me to find it fair and reasonable that NatWest should refund the payments to Mr W would require more than a finding that NatWest ought to have intervened. I would need to find not only that NatWest failed to intervene where it ought reasonably to have done so (which I don't) — but crucially, I'd need to find that but for this failure, the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by NatWest wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

In thinking about this, I've considered what a proportionate intervention by NatWest at the relevant time would've constituted, and then what I think the result of such an intervention would most likely have been.

To reiterate, NatWest's primary obligation was to carry out Mr W's instruction without delay. It wasn't to concern itself with the wisdom or risks of his payment decisions.

In particular, NatWest didn't have any specific obligation to step in when it received a payment instruction to protect its customers from potentially risky investments. The investment with 'T' wasn't an investment NatWest was recommending or even endorsing.

NatWest's role here was to make the payments that Mr W had told it to make. He'd already decided on that investment. And I find that NatWest couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Mr W's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mr W (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of NatWest in any proportionate response to a correctly authorised payment instruction from its customers.

If NatWest had asked Mr W about any of his payments, I don't think Mr W's likely responses would've been of concern to NatWest. I say that because Mr W thought the investment was entirely legitimate – having carried out his own research, checked 'T''s performance and connected with other investors who'd made withdrawals.

And even if NatWest had encouraged Mr W to carry out further checks into 'T', I think it's likely, on balance, those checks would've resulted in confirmation of 'T''s regulation (albeit oversees) and being directed to the regulator's website.

Furthermore, there wasn't much adverse information about 'T' until late 2023; and most negative reviews were about delays with withdrawals, or customer service issues - which I'm aware investors were made aware of via 'T''s chat group.

It appears that some scam reviews appeared about 'T' from October 2022, with mention of funds being turned into its own crypto currency coins; and questions raised about the license of 'T'. But again, this was announced to investors in advance. And given Mr W continued to invest until May 2023, it suggests to me he had no obvious concerns.

I think it's also of significance here that Mr W was being somewhat guided through the investment process by Mr E and was in contact with other investors.

So, if NatWest had raised any concerns about 'T', I think there's a strong possibility that those concerns would've been allayed by Mr E, or by other investors that Mr W was in contact with.

All things considered, I can only reasonably expect any intervention or enquiries made by NatWest to have been proportionate to the perceived level of risk of 'T' being fraudulent. So, even if I had been persuaded, from the evidence I've seen, that 'T' was a scam, I don't think, on balance, that a proportionate enquiry would've led to either NatWest or Mr W considering 'T' being anything other than legitimate.

With that in mind, and all considered, I'm not persuaded that NatWest was at fault for carrying out the relevant payment instruction, or for not preventing Mr W from making his payments payment.

On a final note, I've considered whether, on being alerted to the scam, NatWest could reasonably have done anything more to recover Mr W's losses, but I don't think it could.

The payments to 'C' were for the purchase of crypto that was forwarded on to 'T'. NatWest could've only sought to recover funds from 'C', but no funds would've remained. And if they did, they would've been in Mr W's own control to access. The same would apply to the funds Mr A transferred to his own account with another banking provider on 27 and 28 October 2022.

In relation the card payments, these were made to an account in Mr W's name and the funds had already been passed on to 'T'. So, I think it was reasonable for NatWest to not have raised a chargeback claim; as it would've likely been unsuccessful.

Regarding the payments to the individuals, it looks as though NatWest contacted the beneficiary banks to attempt recovery, but that it didn't receive responses. But given Mr A has confirmed the funds were transferred from the individuals' accounts onto 'T''s platform and converted into US dollars – it seems unlikely any funds would've been recoverable.

I have a great deal of sympathy for Mr W and the loss he's suffered. But it would only be fair for me to direct NatWest to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell it to do anything further.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision **before 25 September 2025**.

Anna Jackson
Ombudsman