

The complaint

Miss S is unhappy that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") won't reimburse money she lost to a scam.

What happened

Miss S saw that a friend's account on social media was promoting an investment. The friend claimed the opportunity was safe and that she'd personally benefitted from it. She was told that she would receive a 'bonus' if she paid certain accounts.

The table below sets out the payments Miss S made and most of the interactions she had with NatWest between 15 and 22 April 2025.

Date and time	Amount	Payee/nature of interaction
15 April 2025, 00:28	£300	Payee 1 – Miss S receives a written automated warning about investment scams after indicating that was the purpose of her payment.
15 April 2025, 1:06		Miss S calls NatWest. She says that she has accidentally paid someone and they aren't willing to give the money back. The call ends after Miss S is asked what the payment is for.
15 April 2025, morning		Miss S speaks to NatWest over several calls after further payments she has attempted to make have been blocked. She says she has been scammed and is given a warning and advice. These interactions are referred to in more detail later in my decision. During these calls Miss S is told that she would be reimbursed £200 of the £300 she'd sent.
15 April 2025, 18:30	£500	Payee 2 – Miss S receives a written automated warning after indicating the payment was for 'friends and family'
15 April 2025, 18:56		Miss S calls NatWest about the £500 payment. The call appears to be cut off before Miss S can speak to the fraud team.
16 April 2025, 19:00		Miss S speaks to NatWest again after she attempts to make further payments to Payee 2. After initially claiming the payment she is attempting to make is to support a family member, she acknowledges that it is part of the same scam. More warnings and advice are given by NatWest.
21 April 2025, 14:52	£200	Payee 3 - Miss S receives a written automated warning after indicating the payment was for 'friends and family'
21 April 2025, c. 20:00		Miss S calls NatWest to say that she doesn't recognise the payment to Payee 3. She's told to

		call back the following morning to raise a fraud complaint.
21 April 2025, 23:59	£300	Payee 4 - Miss S receives a written automated warning after indicating the payment was for 'friends and family'
22 April 2025, 8:08		Miss S speaks to NatWest about a £600 payment that was attempted to payee 4. Miss S tells NatWest that the purpose of the payment is to support a family member. NatWest declines to put the payment through because it is concerned that she is falling victim to a scam.
22 April 2025, 8:13	£200	Payee 4
22 April 2025, 8:30		Miss S speaks to NatWest about further payments that were attempted to payee 4. Miss S tells NatWest that the payments are to support a family member. NatWest decline to put the payment through because it is concerned that she is falling victim to a scam. Restrictions are placed on her account.
22 April 2025, 10:16		Miss S speaks to NatWest and says that she thinks she's been scammed.

Miss S asked NatWest to refund her money. It said it was able to recover £200 of the 15 April 2025 payment. However, it said it would not reimburse any of the other payments as Miss S hadn't followed the warnings and advice it had given.

Miss S referred a complaint to our service, but one of our investigators didn't uphold it. They thought that NatWest could fairly decline Miss S' claim under the FPS Reimbursement Rules ("the Reimbursement Rules") because NatWest could fairly rely on the Consumer Standard of Caution Exception ("the Exception") as Miss S had failed to have regard to NatWest's interventions with gross negligence.

Miss S didn't agree, in summary she said:

- She was put under emotional distress and manipulated by the fraudsters who applied pressure and urgency to influence her decisions.
- She didn't understand the implications of the warnings at the time and wasn't given enough support.
- Her young age and lack of investment experience should be given greater weight.
- The investigator's view doesn't sufficiently take into account the context in which she took the actions she did.

As no agreement could be reached, the case was passed to me for a 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.

In 2022, against a backdrop of increasing APP fraud and the devastating consequences it can have (victims in the UK lost half a billion pounds in 2023), the Treasury announced its intention to introduce legislation for the Payment Systems Regulator ("PSR") to require payment service providers to reimburse victims of authorised push payment ("APP") scams.

Section 72 of the Financial Services and Markets Act 2023 required the PSR to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. And during 2024 the PSR duly required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments in certain circumstances to reimburse their customers sums paid as a result of APP scams.

The Reimbursement Rules came into force on 7 October 2024 and apply to all UK-based Payment Service Providers (PSPs). They put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme (a similar set of rules covers CHAPS payments), unless an exception to reimbursement applies.

My role is to determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case. In doing so I must take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and what I consider to have been good industry practice at the relevant time.

In this case I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payments in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules¹ set out the requirements for a payment to be covered. I've summarised those below:

- The payment must have taken place after 7 October 2024 and have been reported within 13 months after the date of the final covered payment of the scam claim; and
- It must have been made as part of an APP scam (whether to a recipient or for a purpose otherwise than the payer intended); and
- It must have been authorised by the account holder; and
- It must have been made to another UK account that was not under the control of the consumer.

There's no dispute that the above criteria apply to the Faster Payments made by Miss S.

In order for a payment to be 'reimbursable' under the Reimbursement Rules it must meet the following criteria, which again have been summarised:

- The consumer is not party to the fraud, and is not claiming dishonestly or fraudulently.
- The payments were made in relation to a fraud, rather than in circumstances only giving rise to a private civil dispute.
- The purpose of the payment was not unlawful.
- The consumer was a Vulnerable Consumer or the Exception does not apply

And a PSP will be responsible for reimbursing a maximum of £85,000 from any single APP scam claim.

Again, it's my understanding there's no dispute about any of the criteria above applying, other than whether Miss S was a Vulnerable Consumer or the Exception applies.

Vulnerability

¹ <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

The Reimbursement Rules set out that a consumer should be reimbursed regardless of whether the Exception would otherwise apply, if:

- They were a 'Vulnerable Consumer' at the time they made at least one of the scam payments; and
- This had a 'material impact' on their ability to protect themselves from the scam.

Under the rules, vulnerability "Has the same meaning as when the term is used by the FCA in its Guidance for firms on the fair treatment of vulnerable customers, namely that a vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care."²

I've thought about this guidance in relation to Miss S' circumstances. Miss S has said that her young age and lack of financial security at the time (relying on her student loan to support herself) did make her vulnerable to the scam. I accept that these factors may have made her more susceptible to the influence of the fraudsters, but I'm not persuaded that those circumstances made her *especially* susceptible to harm.

It's clear that Miss S remained able to recognise, at various points, that she was falling victim to a scam. Moreover, while I think Miss S' age and lack of investment experience played a role in what happened, she otherwise comes across as someone very capable. And while she may have been living on a limited budget, it's not clear to me, at least before the scam, that she was in any financial difficulties. A lack of experience, or even naivety, is not enough for me to conclude that Miss S was a Vulnerable Consumer. I've therefore gone on to consider whether the Exception applies.

The Consumer Standard of Caution Exception

In order to rely on the Exception, a sending PSP must show that, as a result of *gross negligence*, a consumer has not complied with one or more of the following standards:

- The consumer should have regard to any intervention made by their PSP and/or by a competent national authority (which includes, but is not limited to, any police force or service in the U.K).
- The consumer should, upon learning or suspecting that they have fallen victim to an APP scam, report the scam claim promptly to their PSP.
- The consumer should respond to any reasonable and proportionate requests for information made by their PSP for a limited number of purposes (principally to validate the scam claim and whether it is reimbursable).
- The consumer should, after making a scam claim, consent to the PSP reporting to the police on the consumer's behalf or request they directly report the details of a scam to a competent national authority.

NatWest has sought to rely on the first standard set out above - ("the Intervention Standard") and I can't see that any other standard would apply here.

² <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraph 10.4
<https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers>

The Intervention Standard

The Payment Systems Regulator's Consumer Standard of Caution Exception Guidance ("the Guidance")³ provides guidance to supplement the Reimbursement Rules. It gives a more detailed and specific description of the Intervention Standard:

"Consumers should have regard to specific, directed interventions made either by their sending PSP, or by a competent national authority. That intervention must offer a clear assessment of the probability that an intended payment is an APP scam payment."

That description is expanded on in paragraphs 1.8 – 1.10 of the Guidance:

"PSPs can expect their consumers to have regard to specific, directed interventions raised either by their sending PSP, or by a competent national authority. Those interventions must clearly convey the PSP's, or competent national authority's, assessment of the probability that an intended payment is an APP scam payment. Only in circumstances where the PSP can demonstrate that a consumer who has not been classed as vulnerable has, as a result of gross negligence, not had regard to such interventions can a reimbursement claim be refused.

It will be up to payment firms to consider the approach they might take in creating tailored, specific interventions and to develop their own operational approaches and identify best practice.

Any intervention for the purpose of this exception should be bespoke. They must be consumer, scam, and transaction specific. They should not consist of 'boilerplate' written warnings. Providers should not refuse reimbursement claims on the basis that a consumer received vague, non-specific written warnings, or warnings that routinely accompany most or all transactions of a similar type. Where a PSP does choose to intervene with a written warning, this must be actively brought to the attention of the consumer. PSPs should not rely upon the availability of passive warnings, such as on public websites."⁴

The guidance further explains that a consumer who chooses to proceed with a transaction after an intervention by their PSP should not automatically be deemed to have been grossly negligent. Instead, any assessment of the degree of negligence should include consideration of all relevant factors, including:

- "the specificity and nature of the intervention made by their sending PSP
- the degree of certainty any intervention, whether written or otherwise, conveys that a prospective transaction is an APP scam
- the complexity of the scam to which the consumer has become victim, including whether the victim has been subject to any degree of social engineering, or was otherwise in thrall of a scammer
- any claims history from the consumer suggesting a propensity to fall repeatedly for similar types of scams"⁵

How did NatWest intervene during the scam?

³ <https://www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf>

⁴ <https://www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf> at paragraphs 1.8 to 1.10

⁵ <https://www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf> at paragraph 1.13

In the table above I've set out the interactions that Miss S had with NatWest during the period of the scam. There were numerous interactions over the phone and Miss S received automated written warnings as well. In some of the later interactions, Miss S didn't always provide accurate reasons for the payment.

The interactions are numerous and not all of them are particularly relevant. So I've mainly focussed on what I consider to be the key interactions – a series of calls that took place during the morning of 15 April 2025.

During those calls Miss S reported that she'd fallen victim to a scam and that she'd paid the account of a third party in the belief that she would receive a greater sum in return. She said that this opportunity had been promoted by a friend on their social media account and that, although she knew this person through university, she didn't have a telephone number for them. She said that she wasn't sure about the exact nature of the investment but thought that it involved cryptocurrency or foreign exchange.

NatWest's fraud advisor told her, in summary, that:

- her friend's social media profile had been hacked – she wasn't really speaking to her friend.
- she shouldn't entertain any investments through social media – there are lots of scammers present on the particular platform.
- she should never make a payment in order to receive money back

During this call, Miss S was told that she would be reimbursed for the only payment that had gone through at that point, minus the £100 excess allowable under the Reimbursement Rules. There's no suggestion during this call that Miss S disputed what she was being told or had any doubt that she was falling victim to a scam.

Did NatWest's intervention meet the standard under the Reimbursement Rules?

I'm satisfied this intervention met the standard under the Reimbursement Rules. It was scam specific – referring specifically to the type of scam that Miss S was falling victim to, namely a social media investment scam/advance fee scam. It was consumer specific – tailored and aimed specifically at Miss S. And although it was given in relation to a transaction which was not itself successful, the PSR have confirmed that a PSP can rely on interventions that take place on earlier payments (or attempted payments) that form part of the same APP scam. The intervention was bespoke and tailored to Miss S' circumstances and NatWest also clearly conveyed its belief that the payments that were being attempted were made as part of a scam.

I've therefore gone on to consider whether Miss S moved past NatWest's intervention with gross negligence.

Gross negligence under the Reimbursement Rules

It is entirely for NatWest to demonstrate that Miss S was grossly negligent⁶. The Guidance says "We interpret 'gross negligence' to be a higher standard than the standard of negligence under common law. The consumer needs to have shown a 'significant degree of carelessness.'⁷ No further guidance is given as to the interpretation of gross negligence.

⁶ <https://www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf> paragraph 1.6

⁷ <https://www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf> paragraph 1.7

In *Red Sea Tankers Ltd v Papachristidis* [1997] 2 Lloyd's Rep. 547 Mance J said of gross negligence that it "is clearly intended to represent something more fundamental than failure to exercise proper skill and/or care constituting negligence. But, as a matter of ordinary language and general impression, the concept of gross negligence seems to me to be capable of embracing not only conduct undertaken with actual appreciation of the risks involved, but also serious disregard of or an indifference to an obvious risk."

The Guidance doesn't provide a significant expansion on the PSR's brief definition of gross negligence, but does provide some direction on the practical application of the test in relation to the Exception, particularly at paragraph 1.13, which I've repeated (in part) below.

"...any assessment of the degree of negligence should include consideration of all relevant factors, including:

"...the complexity of the scam to which the consumer has become victim, including whether the victim has been subject to any degree of social engineering, or was otherwise in thrall of a scammer"

A consideration of "the complexity of the scam" suggests that I should be considering, objectively, whether the scam had complex features (which, given the context, I've taken to mean an assessment of whether these were so sophisticated that a reasonable person in the consumer's position would have found it plausible or compelling, rather than the scam simply being complicated). Whereas, a consideration of whether the consumer was subject to any degree of social engineering, or was otherwise in thrall of a scammer seems to me to introduce a more subjective element – whether the consumer was psychologically manipulated into acting in the way the fraudster desired.

The Guidance does not provide any further explanation on this point. But it seems unlikely that a purely subjective assessment of gross negligence was intended – that would render the test little more than whether the fraudster was able to manipulate the victim into misunderstanding who was the beneficiary of the payment, or its true purpose. And that is almost always going to be the case, or the payment would never have been made and the fraud would not have succeeded; so there could almost never be a finding of gross negligence. It would also mean that there would be little purpose in considering the complexity of the scam, because what would matter would be whether it succeeded in misleading the victim rather than how that was achieved.

On the other hand, it's also hard to conclude that a purely objective test is intended – that would render a consideration of whether and to what extent the customer was, as a matter of fact, under the thrall of the scammer irrelevant; whereas that is a matter to which the Guidance refers as amongst the relevant considerations.

Standing back, therefore, I think the Guidance is asking me to consider the complexity of the scam, while also recognising in that context the role that social engineering can have in a victim's decision making, particularly in persuading the victim to move past interventions that might, without such manipulation have been expected to deter them from making the payment.

Did Miss S fail to have regard to NatWest's interventions with gross negligence?

I'm sorry that Miss S has lost money here. There's no doubt that she's the innocent victim of fraud and the victim of a crime. However, I need to consider whether NatWest can fairly rely on the Intervention Standard.

My findings here are limited to the payments which took place after the initial £300 payment. £200 of that payment has already been reimbursed (the maximum that Miss S could receive after the deduction of the allowable excess).

In relation to those later payments, as a starting point, there can be little doubt that Miss S was fully aware of the risk of continuing to make payments following the calls on 15 April 2025. Not only had she accepted that she'd fallen victim to a scam, but the precise nature of the scam had been explained to her – the investment recommendation hadn't really come from her friend and that paying money to receive more back in this way would always be a scam.

With that in mind, I've thought about what might have caused her to carry on with the payments, thinking particularly about the complexity of the scam and the social engineering that she was subject to.

I can understand that the impression that the investment was being promoted by someone she knew – who had apparently profited from it – would have initially persuaded Miss S and, perhaps, a reasonable person in her position that the opportunity might be genuine. It may not have been apparent, or reasonable to assume, that the friend's account had been hacked. However, following the calls on 15 April 2025, Miss S had been told that this was the most likely explanation. And, given Miss S had no way of contacting the friend other than through social media, she had no way of confirming that she was actually communicating with her friend.

Other than the initial hacking of a social media account, the scam does not appear to be particularly complex. It is my impression that the premise was simply that if Miss S paid an amount of money, she would receive significantly more, within a seemingly very short period of time. No, or few, details appear to have been provided as to how money could be generated or what the investment was in. It's very difficult to conclude that it was reasonable for Miss S to continue to believe these claims after the calls which took place on 15 April 2025.

In correspondence with our service, Miss S has said that the opportunity was a combined investment and job opportunity. She also mentioned to NatWest being asked to download certain applications. But it's not clear from the conversations I've seen between her and the fraudster that the scam consisted of anything more than Miss S being promised sums of money and then being asked to pay fees to release her investment returns. And this seems to be Miss S' understanding too as she says, on 23 April 2025, "U said to me tht this was an online investment and said to me tht u will get the profits straight after u put money in it".

It's evident that Miss S was subject to social engineering and considerable pressure to carry on making the payments. Miss S describes being "confused and emotionally manipulated" and that the fraudsters "contacted me urgently" following the 15 April 2025 calls claiming that "if I didn't pay more I would lose everything". She adds that she was "desperate to recover my money".

In my view Miss S was very susceptible to the pressure applied by the fraudsters and I accept that likely impacted her ability to think clearly and to weigh up the warning that she had received and her own clear concerns against the threats of the fraudster. Miss S acknowledged that she had fallen victim to a scam on more than one occasion, but each time (other than the last) the fraudsters were able to persuade her into making further payments. So, I don't underplay the role of social engineering here or the extent to which Miss S was under the scammer's thrall. It seems that she was bullied and harassed into making further payments. I note, however, that following the calls on 15 April 2025, Miss S

had been informed that she would be reimbursed £200 of the £300 payment she'd made – so she wouldn't have had a lot to lose at that point.

More broadly, as I've set out above, I don't think the Reimbursement Rules are asking me to consider a purely subjective test. I must weigh up the role of social engineering against the other factors listed in the Guidance – particularly the (objective) complexity of the scam and the nature of the intervention, including its degree of certainty that the transaction was an APP scam. Moreover, it is necessary to keep in mind the meaning of gross negligence, specifically the extent to which Miss S showed a serious disregard for an obvious risk.

Unfortunately for Miss S, I think the low complexity (and plausibility) of this scam followed by the particularly clear and specific intervention – which confirmed the scam and explained how it worked (as well as her own acknowledgement that she'd fallen victim to a scam) – means that the risk of making more payments was obvious and Miss S showed a serious disregard for that risk. And while it's clear social engineering played a role here – Miss S seems to have been motivated, at least in part, to recover her earlier losses and I think she carried on making the payments *despite* the risk of proceeding, rather than because the fraudsters had managed to convince her that the scheme was genuine.

Overall, in my view, the strength of the warning and the low complexity of the scam outweigh the social engineering Miss S was subject to and that means that NatWest can fairly rely on the Intervention Standard to decline her claim.

Outside of the Reimbursement Rules, NatWest should have been on the lookout for out of character payments or other indications that Miss S might have been at risk from financial harm from fraud. As evidenced in the table above, NatWest blocked a number of payments and spoke to Miss S several times. All of the payments were relatively modest in size, mostly paid to different payees (meaning there was no obvious connection between most of them) and there were, at points, several days between payments. Taking those factors into account, I'm satisfied with the steps NatWest took and I can't fairly conclude that it should have done any more than it did – which was to identify the risk, confirm that Miss S was falling victim to a scam and ultimately restrict her account from being able to make further payments.

Finally, I'm satisfied with NatWest's attempts to recover Miss S' money. There is some confusion about the payment to Payee 1. NatWest say they were able to recover £200 of it from the beneficiary account. But, at other times, have referenced Miss S being reimbursed under the Reimbursement Rules. They also haven't provided evidence of their attempt to recover this payment. However, given the payment in dispute wasn't reported until the following day and it was of a fairly small value, the money is unlikely to have remained in the beneficiary account at that point.

NatWest contacted the beneficiary PSP in relation to the payment to Payee 2 on the same day it was reported. It contacted the beneficiary PSP in relation to Payees 3 and 4 on the 22 April 2025 – that was the day when Miss S acknowledged that she'd made the payment to Payee 3 and reported the other payments as being part of a scam. Unfortunately, none of those funds were available for recovery.

Overall, while I know this will be very disappointing for Miss S, I've decided that NatWest haven't acted unfairly by declining her claim for reimbursement.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 28 November 2025.

Rich Drury
Ombudsman