

The complaint

Mr H has complained that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) won’t refund money he lost to a scam.

What happened

Mr H has said that he clicked on a deep fake video he came across on social media for a cryptocurrency website. Under the instructions of the scammer Mr H opened accounts with other banks and electronic money institutions (EMI’s) and sent multiple payments from his account he holds with NatWest. Mr H says from these accounts, the funds were sent to a cryptocurrency platform and then lost to a scam.

Mr H also took out a loan with NatWest for £25,000 and three other loans with three different financial institutions. Mr H realised it was a scam when he was asked to forge his wife’s signature so he could take a loan out against his home.

Mr H has said that he lost over £107,000 to the scam.

Mr H has provided evidence to show due to his health and other circumstances he was vulnerable at the time and has asked our service to take this into consideration. NatWest said the disputed payments credited accounts in Mr H’s name with other banks and EMI’s and it had provided relevant scam warnings. However, it says Mr H didn’t provide accurate information about the true purpose of the transactions which denied it the opportunity to identify the risk Mr H faced. As such it didn’t uphold his complaint. However, NatWest did compensate Mr H with £200 due to the issues with the service it provided.

Mr H didn’t agree with NatWest so he referred his complaint to our service. Our investigator looked into Mr H’s complaint and whilst she agreed that NatWest ought to have done more to protect Mr H, she didn’t recommend NatWest refund any of the transactions Mr H lost to the scam. This was due to the fact that another institution Mr H held an account with, which I will refer to as C, had refunded Mr H £86,763.35 of his total loss to the scam. A second institution, which I will refer to as W, had also refunded, £7,802.67. And while our investigator would have recommended that NatWest refund some of the transactions Mr H lost to the scam, she also said Mr H should bear some liability for his loss because Mr H didn’t act reasonably in the circumstances of this case. So, liability should be shared equally between NatWest and Mr H. Therefore, as Mr H had already received more than what the investigator would have recommended, she didn’t think NatWest needed to do anything more in relations to the disputed transactions.

In regards to the loan, she said, if the NatWest had intervened when and how she had recommended, it would have prevented the loan from being taken out. It’s important to note that NatWest had concerns Mr H was being scammed in July 2023. So, the investigator recommended that NatWest should remove all record of the loan, both internally and externally (with the Credit Reference Agencies).

NatWest agreed to remove any adverse information with credit reference agencies regarding the loan Mr H took out with it. Mr H didn't agree with the investigator's findings and asked for his complaint to be passed to me to consider. He raised several points for my consideration.

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 agree with the investigator's findings for broadly the same reasons, I will explain why.

I've taken into account Mr H's very detailed submissions about what happened at the time. I hope he doesn't take it as a discourtesy that I don't reply to every point he has made. The purpose of my decision is to explain my findings on the issues I consider key in the complaint.

But first, I'm very aware that I've summarised this complaint very briefly, in far less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here.

I would also point out that I really do appreciate the impact this issue has had on Mr H. But in reaching my decision in this case, I have to put aside my natural feelings of empathy and consider the case impartially and fairly, based on the available evidence.

In broad terms, the starting position in law is that a bank is expected to process payments that its customer authorises it to make. It isn't disputed that Mr H knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, NatWest are expected to process Mr H's requests, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for NatWest to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether NatWest ought reasonably to have held such suspicions or concerns in relation to Mr H's payments - and if so, what might've been expected from a proportionate intervention at that time. Further to that, where there is an interaction between a customer and a bank before a high value payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if NatWest acted fairly and reasonably in its dealings with Mr H when he made the payments. Specifically, whether it should've done more than it did before processing them – and if it had, would that have made a difference. I also need to decide if NatWest could've reasonably recovered the lost funds.

It's not in dispute that some of the transactions ought to have triggered NatWest's fraud detection systems (as NatWest did in fact intervene). And having considered the transactions I agree with the investigator's findings that the first transaction which NatWest ought to have intervened on was payment 13 made on 18 August 2023, for £11,000. I say this because, prior to that the payments Mr H made were low value payments, spread over several days and to account in Mr H's own name (which had become an established account). Having looked at the value of the payments, they increased and decreased indicating no particular pattern of fraud. As such, I can't reasonably conclude there was

anything to indicate any suspicious circumstances which meant NatWest ought to have intervened. I have to bear in mind that if banks such as NatWest were to be expected to intervene with every payment of a similar size to the ones being disputed here it could risk grinding the banking system to a halt.

However, I have considered payments 11 and 12 (£3,000 and £3,500) made on the same day in short proximity and I accept it could be argued that these payments carried a heightened risk of fraud, but I don't think this impacts my overall findings, even if it could be argued NatWest ought to have intervened sooner than payment 13. Which I will go on to discuss. But by payment 13, given the size of the payment, the date of the payment and where it was going to, in my view, there was enough about the characteristics of this transaction (and the activity on the account) to raise concerns, considering the two previous payments that ought to have been concerning such that NatWest should have intervened.

So, I have gone on to consider what I would have expected NatWest to do in the circumstances.. But firstly, I will explain the actions NatWest did take. On 26 July 2023, NatWest had two discussions with Mr H when he was sending money to an EMI (an account in his own name). They asked further questions such as his choice to use open banking, team viewer, and questions surrounding the purpose of the transactions. Mr H didn't provide accurate answers to the questions NatWest asked. He explained that team viewer was used by his "IT guy" who uses it to diagnose issues on his computer. He also explained that he had taken advice from his son regarding the cryptocurrency. It is clear that Mr H wasn't happy with the questions he was being asked and wasn't accurate with the information provided.

Despite that NatWest explained to Mr H how scammers use remote access and due to how Mr H answered some of the questions, the payment was stopped, and a restriction was put on his account. On the second call, the restriction was lifted but the payment was still stopped.

While there were further intervention calls, these came after payment 13 (made on 18 August 2023).

Given the fact NatWest already stopped payments leaving Mr H's account, seven days prior to the disputed transactions Mr H has complained of commenced (2 August 2023), I have considered what I deem to be an appropriate intervention. The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning. In light of the above, by August 2023, when these payments took place, NatWest should have had systems in place to identify, as far as possible, the actual scam that might be taking place. For example, by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment he was making and have provided a scam warning tailored to the likely scam Mr H was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

So, based on that I am satisfied an appropriate intervention by NatWest would have covered off the following:

- What was the purpose of the 13th payment
- Why had he made payments 11 and 12 in quick succession?
- Where were the payments going after being sent to C?

- Was he sending the money to purchase cryptocurrency?
- What further checks had he carried out?
- Was he being asked to make this payment or being assisted in this transfer in any way?

I appreciate Mr H hadn't provided accurate answers to the questions NatWest had asked on 26 July 2023. As such, it could be argued he wouldn't have done so here. However, due to how Mr H did answer the questions on 26 July 2023, it raised concerns for NatWest which meant the payment was stopped. As such, I am satisfied, if NatWest had intervened, as I have highlighted above, given what it already knew, it would have had further concerns. At this point NatWest would have had the opportunity to refer Mr H to the branch to answer further questions. I am satisfied this would have prevented any further payments being made, especially as Mr H was referred to branch in December 2023 and referred to a customer protection manager who stopped the payments. Therefore, I am satisfied had NatWest intervened how I have highlighted above, on payment 13, it would have prevented any further losses.

I have also considered when Mr H took the loan out with NatWest. Given the loan was taken out after payment 13, I am satisfied, if NatWest had intervened as I have highlighted above, it would have unveiled the scam, and therefore, Mr H wouldn't have taken the loan out. So, overall, I am satisfied that NatWest's failures did contribute to Mr H's losses.

I've considered whether Mr H should share any liability for the preventable loss under the principle of contributory negligence, because his actions fell short of the standard of care that would be expected of a reasonable person in these circumstances. In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint. Overall, I do think it's fair to expect Mr H to share liability equally with NatWest. I'll explain why.

Prior to 2 August 2023 (when the payments Mr H complains of commenced) Mr H had already been warned by NatWest he was likely falling victim to an investment scam. NatWest also explained that scammers can use remote access and it stopped his payments. Given the warning provided by NatWest ought to have resonated with the circumstances Mr H was in, I think it's reasonable that this ought to have been a red flag for Mr H and made him stop and consider his circumstances.

Secondly Mr H has said that the scammer told him to provide inaccurate information to NatWest as the banks were anti cryptocurrency because it was a threat to their business. Again, while I appreciate scammers can come across as professional and use tactics to build trust with consumers, I do think Mr H ought to have considered if a legitimate investment company/advisor (as the scammer had presented itself to be) would encourage consumers to provide inaccurate information to mislead the bank.

Similarly to the above point, when Mr H had taken the loan out with NatWest he was told to put 'home improvements' as the reason he required the loan. But again, I don't think it's reasonable to conclude that any legitimate investment company/advisor would encourage a consumer to take out a loan to 'invest' or encourage a consumer to mislead the bank to obtain credit.

NatWest had stopped payments, and I am aware that W (mentioned above) had also closed Mr H's account.

Mr H has explained his health conditions and circumstances which he considers made him vulnerable at the time the scam occurred, which ought to have been taken into consideration. I

want to re-assure Mr H I have considered what he has submitted. And while I empathise and accept his testimony, I have to also consider what NatWest knew at the time and what I consider to be fair and reasonable in the circumstances of this complaint. I am satisfied all of this would strike most people as unusual, and that there were enough red flags overall that ought to have led Mr H to have acted more cautiously than he did. Because of this I agree the amount I would have recommended NatWest should refund would be reduced by 50%.

Recovery

I have gone on to consider if NatWest took reasonable steps to try and recover the funds once it was made aware of the scam. Mr H didn't make the payments to the scammer directly; he transferred his funds to accounts in his own name. If these funds had not already been transferred to the scammer by Mr H, they would be in his control to access as and when he chose. NatWest would not have been able to attempt to retrieve the funds from the scammer directly as that is not where the funds were originally sent to. So, it follows that I won't be asking NatWest to do anything further.

Compensation

The main cause for the upset was the scammer who persuaded Mr H to part with his funds. However, NatWest has accepted some service failings and compensated Mr H with £200, which is line with what I would have recommended if it hadn't done so already.

Putting things right

Whilst I agree that NatWest's failures did contribute to Mr H's losses and in usual circumstances, I would be directing NatWest to refund 50% of Mr H's disputed payments from payment 13 onwards. However, in this case, I am aware that C had already refunded £86,763.35 of his total losses and W had also refunded, £7,802.67. These refunds equate to more than I would have recommended NatWest to refund. As such, I won't be asking NatWest to refund any of the disputed transactions.

However, as the loan could have been prevented, if NatWest had intervened as I have explained above, NatWest should remove all record of the loan with the Credit Reference Agencies. I understand NatWest has agreed to do this.

My final decision

My final decision is that I uphold this complaint and require NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY to remove all record of the loan it provided Mr H with, from the data held with the Credit Reference Agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 January 2026.

Jade Rowe
Ombudsman