

The complaint

Mrs H complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) didn't protect her from an investment scam.

Mrs H is being supported in making her complaint by a representative. But for ease, I'll only refer to Mrs H in this decision.

What happened

Mrs H explains that she was looking for an investment opportunity and came across an investment in forex trading with a company (which I'll refer to here as 'H'). Mrs H says that another company (which I'll refer to here as 'P') acted as the introducer and provided her with promotional material about 'H', as well as information on its past performance.

Mrs H understood the terms of the investment to be monthly returns of between 3 and 5%, with the capital returned in 12 months. She's explained that she researched 'H', and this, combined with the material provided, persuaded her to invest.

Another company (which I'll refer to here as 'M') facilitated the transfer of the funds Mrs H was investing in 'H'.

Mrs H explains that she entered into two contracts with 'H' – one in July 2018 for £30,000 and another in April 2019 for the sum of £20,000. Mrs H made the following faster payments online as part of the investment:

Date	Amount
13 July 2018	£20,000 (returned from payee)
3 August 2018	£20,000
3 October 2018	£10,000
30 April 2019	£20,000
Total	£50,000

Mrs H doesn't recall NatWest providing her with any warnings prior to the payments being processed, and I've seen no evidence to suggest it did.

Mrs H received regular statements from 'P', and between September 2018 and March 2019 she received monthly returns totalling £11,000. After that point, she understood that her returns were being 'reinvested'. She later came to the realisation her money was lost.

'H' and 'P' went into liquidation in June 2019 and March 2020 respectively.

On 8 July 2024 Mrs H made a complaint to NatWest. In short, she said she'd been the victim of a scam, and that NatWest hadn't done enough to protect her. Mrs H therefore held NatWest responsible for her loss. She wanted NatWest to refund her, together with 8% interest and £1,000 for the distress and inconvenience caused.

In summary, NatWest said it had followed Mrs H's instructions, and no banking error had occurred. It said 'H' and 'P' were legitimate companies and that Mrs H had chosen to invest

in a high-risk investment. It also pointed out that the payments predated the introduction of the Contingent Reimbursement Model (CRM Code).

Mrs H referred her complaint to the Financial Ombudsman.

One of our Investigators considered the complaint but didn't uphold it. Essentially, she accepted that Mrs H had been the victim of a scam and that NatWest should've asked her about the purpose of the payments before processing them. But given there was no adverse information about 'H' or 'P' at the time; and Mrs H had received contracts, statements and promotional material from 'H' and 'P', together with returns on her investment – our Investigator didn't think questioning by NatWest would've given it, or Mrs H, any obvious cause for concern.

Our Investigator also thought there was no reasonable prospect of NatWest being able to recover the lost funds. Nor did she think there was any basis to award Mrs H compensation.

Mrs H didn't agree. In summary, she accepted our Investigator's point that NatWest should've asked her about the payments before processing them, particularly given their size and because they were at odds with her previous account activity. But she didn't concur that proportionate intervention by NatWest wouldn't have prevented her loss. Mrs H said she wasn't aware that 'H' and 'P' weren't FCA regulated. And that NatWest should've warned her about the risks associated with high-risk unregulated investment schemes – given there were regulatory warnings about those risks.

Mrs H further commented on documentation she received from 'H' and 'P'. She questioned its authenticity, saying this could've easily been produced on a personal computer. She further added that 'H's website was often unavailable, and that had NatWest asked to see a copy of the documentation she'd received from 'H' and 'P', it would've noticed the unrealistic rate of return.

Mrs H said NatWest should've been alive to the fact that the payments she made were indicative of a ponzi scheme, especially given the unrealistic returns associated with an unregulated investment. She said this should've all be of concern to NatWest.

Mrs H concluded by saying that the circumstances surrounding the payments should've led NatWest to have "*exercised caution*". She said NatWest failed to take account of all the available facts "*which could have led to the conclusion that ['H']/['P'] was indeed a scam*". She said it was unfair of our Investigator to conclude that intervention by NatWest wouldn't have prevented her loss. She said we:

"cannot definitively know [her] intentions at the time ... if the bank had raised concerns about the validity of the investment, [she] would have hesitated and ultimately refrained from proceeding".

We looked at the case again and another Investigator responded to Mrs H. He largely agreed with the previous investigator but added that the documentation Mrs H had received from 'H' and 'P' made it clear the investment was unregulated. He also didn't think NatWest would've been concerned with the promised rate of return – particularly as Mrs H had received returns on the investment.

Mrs H still disagreed. She said that she is regularly challenged by NatWest when making payments of far less value than those in dispute – demonstrating an inconsistent approach on the part of NatWest.

Mrs H reiterated that had NatWest warned her about the risks of unregulated investments she "*would have absolutely not proceeded*". She said that her cautious approach and lack of investment experience, combined with her trust in any advice from NatWest, would've stopped her making the payments.

Mrs H argued that saying she was aware that 'H' and 'P' were unregulated because of '*fine print*' in the documentation is unfair and doesn't let NatWest "*off the hook*". She maintained

that the risk profile of the transactions was such that NatWest should've provided effective warnings. And as there is a "*reasonable chance*" that a proportionate intervention by NatWest would've prevented her loss, Mrs H said her complaint should be upheld in her favour.

I've been asked to review everything afresh and reach 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.

Having done so, I've decided not to uphold it, and for largely the same reasons as our Investigators. I know this is not the answer Mrs H was hoping for and so this will come as a disappointment. I'm really sorry to hear about the situation she's found herself in, and I can understand why she'd want to do all she can to recover the money she lost. But I need to decide whether NatWest can fairly and reasonably be held responsible for Mrs H's loss. Overall, I've decided that it can't be. I'll explain why.

But first, I would like to say that I've considered this case on its own merits and have summarised it in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether NatWest could've prevented Mrs H's loss.

Following a court hearing in July 2020, it's now accepted that Mrs H has likely been the victim of a scam. But the transactions she made towards the investment were authorised payments. So, Mrs H is presumed liable for the loss in the first instance.

However, I consider that as a matter of good industry practice at the time (and now) that a bank, such as NatWest, ought to have taken steps to intervene prior to processing a payment instruction where it had grounds to suspect a payment might be connected to a fraud or a scam. Any such intervention should've been in proportion to the level of risk perceived.

The question then arises whether NatWest ought reasonably to have held such suspicions or concerns in relation to Mrs H's payments - and if so, what might've been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if NatWest acted fairly and reasonably in its dealings with Mrs H when she 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.

I agree with both Mrs H and our Investigators that there was justification here for an intervention by NatWest prior to processing all the payments she made – given their size and destination.

But for me to find it fair and reasonable that NatWest should refund Mrs H requires 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 - 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 times 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 Mrs H's instructions without delay. It wasn't to concern itself with the wisdom or risks of her 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 in 'H' wasn't an investment NatWest was recommending or even endorsing. And so I don't think it would've been reasonable for NatWest to have asked to see all the paperwork relating to the investment, before processing the payments, unless there were serious concerns around the legitimacy of the payment that warranted further investigation - which I'm not persuaded there was here.

NatWest's role was to make the payments that Mrs H had told it to make. Mrs H had 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 Mrs H's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mrs H (which there wasn't here) would have 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.

That said, I think it would've been proportionate here for NatWest, as a matter of good industry practice, to have taken steps to establish more information about Mrs H's payments. What matters here is what those steps might be expected to have uncovered at the time.

While there may now be significant concerns about the operation of 'H' and 'P', and the legitimacy of the investment, I must consider what NatWest could reasonably have established during a proportionate enquiry to Mrs H about her payments between July 2018 and April 2019. I cannot apply the benefit of hindsight to this finding.

Both 'H' and 'P' were genuine companies and there was no negative information about 'H' in the public domain until *after* it went into liquidation (June 2019). Having carefully reviewed all the material Mrs H has provided about 'H' and 'P', it appears that allegations that 'H' was operating as a scam *only* came to light during the liquidation process which included a court hearing in 2020. As such, this correspondence or information couldn't have been accessed by either NatWest or Mrs H at the time she made her payments.

I think it's also likely Mrs H would've told NatWest that she had documents from 'H' and 'P' confirming the terms of the investment. I appreciate that Mrs H has now raised concerns about the authenticity of that documentation, but I've seen nothing to suggest that, at the time, she had any doubt that it all appeared entirely genuine.

Mrs H also had several documents from 'H' about how the investment worked and how the funds were protected. This included reference to the security provided by the FCA regulated liquidity provider 'H' used, and a capital protection scheme for new investors, which undoubtedly would've all provided Mrs H, and NatWest, with assurances her funds were safe.

Further, Mrs H has said NatWest should've warned her about the risks of unregulated investments. But an unregulated investment can be legitimate, and 'H' and 'P' made it clear in its documentation that:

"It is possible to lose more than your initial investment. Profits and returns are not guaranteed".

The information from 'P' further states:

“Before you decide to deal with [‘P’] ... you should be aware of all of the associated risks and carefully consider your objectives, financial situation, needs and level of experience. ... [‘P’] recommends that you seek advice from a separate financial advisor. ... you could sustain a total loss of your deposited funds and therefore, you should not speculate with capital that you cannot afford to lose”.

And all correspondence from ‘H’ makes it clear that it is “*not authorised or regulated in the UK by the Financial Services Authority*”. Advising that “*you seek advice from a separate financial advisor*”.

I can accept Mrs H’s point that this information is no substitute for a warning from NatWest about that the risks of unregulated investments. But I don’t agree that ‘H’ or ‘P’ tried to hide its regulatory status in the fine print, nor have I seen any evidence to suggest she was misled by ‘H’ or ‘P’ into thinking they were FCA regulated.

So, I think it’s likely, on balance, Mrs H had reasonably been made fully aware of the risks involved in the investment, which, in my opinion, makes it less likely that any warning NatWest might’ve provided to Mrs H about unregulated investments would’ve resonated with her, as she now claims. But even if Mrs H *had* been prompted by NatWest to carry out more checks into ‘H’ or ‘P’ – I think it’s very unlikely she’d have found anything of concern.

I also can’t ignore the fact that it had been Mrs H’s choice to invest. She’d not been pressured into doing so and had carried out her own research into ‘H’ and looked at its previous performance before deciding to proceed. She’s also told us that she’d invested before (using profits from that investment to part fund her investment in ‘H’) – so that does suggest to me that she wasn’t a complete novice and was prepared to take an element of risk.

Mrs H has also provided information from a wealth management company in which the investment is outlined. Mrs H didn’t respond to our question as to the involvement of this wealth management company in the investment, but at the very least it suggests to me that she did have access to some financial advice. Advice she could’ve obtained, as was suggested by both ‘H’ and ‘P’ in its literature.

In specific relation to the later payments, Mrs H was, by this time, receiving the promised returns. And while receiving returns could be seen as an underhand enticement to invest more – it would, in my opinion, equally provide reassurance to NatWest and Mrs H that the investment in ‘H’ was legitimate.

Further to that, such was Mrs H’s commitment to the investment by the time of the April 2019 payment, that she agreed to proceed with not receiving any monthly returns, rather she would reinvest the 5% each month for “*the foreseeable future*”. Mrs H has said this was because ‘H’ told her that it was experiencing banking issues which would be resolved soon. Mrs H received monthly statements up until December 2019 confirming this arrangement.

So, even though the terms of her investment had changed, Mrs H was still happy to proceed and didn’t seemingly question the advice ‘H’ was giving her. This all suggests to me her continued belief in the investment and her commitment to invest more.

In summary, I’ve considered everything submitted and the arguments made, but while there may now be concerns about the legitimacy of ‘H’ and ‘P’, everything I’ve seen indicates that those concerns only began to surface in the public domain *after* Mrs H made her payments.

I can only reasonably expect any intervention or enquiries made by NatWest to have been proportionate to the perceived level of risk of ‘H’ or ‘P’ being fraudulent. I don’t think that a proportionate enquiry in relation to *any* of Mrs H’s payments would’ve led to either NatWest or Mrs H considering ‘H’ or ‘P’ being anything other than legitimate. With that in mind, and all things considered, I’m not persuaded that NatWest was at fault for carrying out the relevant payment instructions, or for not preventing Mrs H from making her payments.

In terms of trying to recover the lost funds; I'd expect NatWest to attempt this at the point it's alerted to the loss. But more than five years had passed by the time Mrs H contacted NatWest. Furthermore, both 'H' and 'P' had gone into liquidation by this point and recovery from 'M' wasn't possible as it was acting as a payment processor for 'P'.

Therefore, I can't say NatWest had any reasonable prospect of recovering the funds in 2024 given the passing of time; and because 'H' and 'P' had gone into liquidation more than four years before.

I have a great deal of sympathy for Mrs H and the loss she's suffered. But it would only be fair for me to direct NatWest to refund her 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

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision **before 11 November 2025**.

Anna Jackson
Ombudsman