

The complaint

Mr and Mrs D, who bring their complaint with the assistance of a representative, are unhappy National Westminster Bank Plc ('NatWest') won't reimburse funds they lost from fraud.

As the events occurred through the perspective of Mr D, for ease of reading, I will refer to him throughout.

What happened

As the circumstances of this complaint are well-known to all parties, I have summarised them briefly below.

Mr D contacted an acquaintance, who I will refer to as Mr L, via social media after he heard through a social group that he was involved in an investment scheme. He was sent details and attended webinars setting out the investment proposals.

Happy to proceed with the investment, Mr D—with the assistance of Mr L—set up accounts with third-party crypto asset providers. And between July 2020 and February 2021, he made multiple payments from his NatWest account to those accounts, along with payments to Mr L who had agreed to assist Mr D with the onward transmission of those funds to the investment scheme.

Mr D received returns on his investments, but after some time, the payments stopped, and he says he lost his funds.

After his funds were lost, Mr D was told by another investor that they knew the details of a third-party that could help him recover them. Mr D made one final payment from his NatWest account to the third-party in November 2023: his funds were never recovered.

Mr D, with the assistance of his representative, made a complaint to NatWest. But after considering his claim, NatWest concluded it wasn't liable for his loss.

Unhappy with that response, Mr D referred his complaint to our service. An Investigator considered the evidence and testimony provided by both parties but didn't recommend the complaint be upheld.

Mr D, via his representative, didn't agree. So the matter was passed to me to decide.

On 25 September 2025 I issued my provisional findings to both parties and gave until 9 October 2025 for any further comment to be provided. My provisional findings were as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Considerations

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Mr D authorised the transactions in question. And the starting position in law is that he will be held liable for the transactions he authorised in the first instance. That is due to NatWest's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Mr D's representative has mentioned as part of its submissions that this case ought to be considered against the principles of the Contingent Reimbursement Model (the CRM Code). The Code is a voluntary fraud reimbursement scheme that NatWest was signed up to at the times the payments subject to this dispute were made. But the Code only covers certain types of payments.

The Code only covers authorised push payments (APP). And here, a vast majority of the payments Mr D had made were card payments to third-party merchants. Mr D was also paying an account he was in control of, so hadn't lost his money at that stage. For these reasons, the card payments made aren't within the scope of the Code.

Mr D also made a number of APP transactions to Mr L's account as part of the fraud. But again, I don't find that these payments fall under the scope of the Code.

The Code also says that the payments made must be where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

At the point Mr D made the payments to Mr L, the funds sent were not for the purpose of fraud. Mr L had agreed to assist Mr D with the payments he was making as he wasn't proficient in such matters at the time. So his reasons for sending the funds to Mr L were for the purpose of assisting him with the onward transmission of those funds to the investment scheme. From the evidence available, I can infer that Mr D's payments were received into the relevant wallets and accounts he'd set up via Mr L, so the purpose for which Mr L received the funds, and the purpose for which Mr D sent them, were aligned at that point and no fraudulent intent can be identified.

Mr D's representative has provided conflicting testimonies regarding Mr L's role in the payments and investment scheme. Mr D's initial testimony was that Mr L was in fact a victim of the scheme himself and was merely acting as a support for him as he was unable to facilitate the opening of the accounts and payments. Mr D's representative has later said that Mr L was taking advantage of Mr D and says that he was a facilitator of the fraud.

Having read the available evidence, and from conducting open-resource research, I find the earlier testimony to be the more persuasive. There is currently no evidence that would support the assertion that Mr L was a witting racketeer in the fraudulent scheme. There is no evidence to suggest he is or was being treated as suspect by law enforcement. There is also no evidence to suggest Mr L took Mr D's funds and financially gained from them himself. In fact, Mr D continued to make payments to Mr L over a considerable period, suggesting he was paying them toward the scheme as he'd promised to do so on Mr D's behalf.

For the reasons I've given, I don't find that Mr D had been defrauded at the point he'd sent funds to Mr L. I therefore find that the faster payments made to Mr L also do not fall under the scope of the CRM Code.

Lastly, Mr D has told our service that the final payment he made as part of this claim was toward a 'recovery scam' where he was promised that the money he'd lost would be sent back to him. But unfortunately, due to the passage of time, he cannot recall the exact circumstances surrounding this payment, nor can he provide any substantive evidence in relation to it. It is therefore a difficult task to consider this transaction against the CRM Code as I can't be certain this payment was even made as part of a fraud. I will however go on to talk about this payment later in my findings.

Could NatWest have done more to prevent Mr D from being defrauded?

While the payments made don't fall under the scope of the CRM Code, NatWest ought reasonably to have been on the lookout for any transactions that would indicate Mr D was at risk of financial harm. And where it identifies a risk, it ought to proportionately intervene and provide warnings. Where it has failed to do so, it can be held liable for Mr D's loss either partially or in full.

In making my assessment, I must take into consideration that NatWest processes millions of payments every day. And it must balance its primary obligation to fulfil those instructions, without delay, against identifying unusual or suspicious payments that require further review. While some payments may seem significant to a customer, I must look at things more broadly when thinking about if a payment stood out.

A vast proportion of the payments Mr D made were card payments to legitimate third-party merchants. These payments were spread out over the course of a five-month period and ranged from £10 to £920. Comparing these against Mr D's typical account activity, I don't find that these payments stood out or displayed common features of payments associated with fraud. I therefore find it reasonable that NatWest processed these payments without intervention.

Likewise, many of the bank transfers Mr D made to Mr L didn't stand out. Again, they were spread out over a significant period of time and were for values that weren't, when considering the number of payments NatWest processes, remarkable. I also find that as time went on, Mr L's account became a trusted payee on Mr D's account.

There was however one significant payment Mr D made on 6 September 2020 for £13,702. This payment did stand out when comparing it against Mr D's normal account activity and was significant in value.

NatWest did intervene in this payment, and it asked Mr D to contact the bank. NatWest has provided the call it had with Mr D and, whilst on that call, Mr D confirmed he attended a branch and told NatWest why he was making the payment. The representative from NatWest, regardless of this, questioned Mr D as to the purpose of that payment. Mr D told the representative that he was paying for a vehicle. He further stated that he'd seen the vehicle and had test driven it. He answered questions confidently when probed and, even when challenged about a previous payment he'd made to the same account, told the representative that he knew the individual and was repaying a loan to them when making the previous payment.

Mr D has been questioned by our Investigator as to why he misled the bank as to the true nature of the payment purpose. And he told them that he was in fact in the process of buying a car at that time, but changed his mind and decided to put the money toward the investment scheme. While I am not suggesting that Mr D is being dishonest here, I find his answer implausible. He has confirmed that he was not purchasing the car from Mr L, so I cannot fathom why he would have said that the payment was for a car when he wasn't paying the person to whom he was intending to purchase the car from.

Irrespective of the reasons why Mr D was dishonest with NatWest, it would seem his responses to the representatives' questions were sufficient for it to not be concerned he was being defrauded. And I find it reasonable that it went ahead and processed the payment based on the information provided. It was oblivious to the fact that Mr D was making the payments for the purpose of an investment, and therefore was unable to deliver the appropriate warnings.

Overall, I'm satisfied that NatWest was proportionate in its response to each of Mr D's transactions. And it would not have been able to prevent the fraud from continuing due to the responses given by Mr D.

As a sidenote. Mr D's representative has provided our service with a spreadsheet that shows the ins/outs of Mr D's third-party account where his investments were made. The amounts within this spreadsheet don't correspond with the payments Mr D made as part of this dispute. However, Mr D has confirmed that throughout the course of this fraud, he did successfully withdraw funds to fiat currency. He cannot be sure what amounts he received or what he done with those funds. So, even were I to conclude that he was due a reimbursement from the bank, I cannot know for sure how much Mr D has in fact lost.

Should NatWest reimburse Mr D for the payment he made toward the recovery fraud?

Mr D made a final payment from his NatWest account on 11 November 2023 for £336.75. He said this was toward a recovery fraud whereby he was directed to a third-party by another investor that claimed they could recover Mr D's losses.

As I have already touched upon, I cannot know for sure whether Mr D has been the victim of fraud here. He possesses little evidence in support of the fraud and has a faint recollection of the events. It is therefore difficult for me to say whether this payment ought to be considered under the provisions of the CRM Code. However, even were I to, I don't find Mr D would be due a reimbursement of these funds.

The Code says that a reimbursement ought to be provided unless certain exceptions can be evidenced. One of those exceptions is where a customer makes the payment without a reasonable basis for believing they were for a legitimate service.

Here, Mr D has confirmed that he carried out no due diligence on the individual he was paying, nor the company they claimed to represent. I therefore find that an exception to reimbursement can be relied upon here.

NatWest also has an obligation under the provisions of the Code to intervene and provide warnings where risks of fraud ought to have been identified. Here, Mr D was making a relatively small payment that didn't stand out from his typical account activity. So I don't find it ought to have intervened or provide a warning. It therefore cannot be held partially liable for the loss under the provisions of the CRM Code."

NatWest didn't provide any further comment. But Mr and Mrs D's representative disagreed. In summary, they argued:

- The card payments made to crypto wallets, and transfers to Mr L, were ultimately sent on to the fraudsters, and therefore ought to be considered under the scope of the CRM Code.
- NatWest ought to have gone further in its questioning to challenge the deception Mr D was under.
- The recovery fraud Mr D was victim of after the investment fraud is a well-documented tactic used by fraudsters and should not be dismissed purely based on

- its value: especially when considering Mr D's prior fraud exposure.
- The absence of evidence on the exact loss suffered should not be a reason to dismiss Mr D's complaint and they are now willing to ascertain the exact loss by reviewing accounts.

As both parties have now had an opportunity to respond to my findings, I am in a position to issue my 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.

Mr and Mrs D's representative has made submissions challenging my assessment regarding the scope of the CRM Code. While I have read these submissions carefully, I cannot agree with the representatives' arguments.

They have acknowledged that card payments are not covered by the CRM Code, yet go on to say that, in the broader context, the payments made were the product of a sophisticated authorised push payment (APP) fraud.

Card payments are not push payments; they are pull payments. Therefore, I fail to understand the argument being made here. Card payments are not covered by the CRM Code, therefore, regardless of what the broader context would be, there would be no scenarios that could be given that would bring card payments under its scope. I therefore remain of the opinion that the card payments made do not fall within the scope of the CRM Code.

Mr and Mrs D's representative has also argued that the payments made to Mr L's account fall under the scope of the CRM Code as they were made under a false belief that they were for a legitimate investment opportunity, but were not. Again, I must disagree with the representatives' interpretation of the CRM Code.

Payments such as the one made to Mr L are commonly referred to as multi-generational payments. This is where a customer makes payments as part of a fraud to a legitimate third-party intermediary, who then passes those payments on to the fraudster. The Lending Standards Board has set out in guidance how signatories are to handle such claims, and that guidance clearly states that the initial payment to that intermediary is not covered by the Code. Only the intermediary has a valid claim as the exiting bank account holder where the funds were lost to the fraudster.

As I have already set out in my provisional findings, there is no evidence that has been provided that would suggest Mr L was party to the fraud itself. So it follows that only Mr L would have a valid claim for those payments.

Lastly, Mr and Mrs D's representative has argued that the final payment made as part of the recovery scam ought not to be dismissed based on the payment's value. However, that is not the sole reason I have not upheld that element of the complaint.

When considering it against the CRM Code I have found that Mr D made that payment without a reasonable basis for believing that it was for a legitimate purpose. I have set out in detail why I believe that to be the case and maintain that that particular exception to reimbursement can fairly be relied upon here.

However, when considering the standards NatWest must meet under the Code, the value of

the payment didn't stand out when considering it against Mr D's typical account usage. So I wouldn't have expected NatWest to have provided an effective warning in the circumstances.

Mr and Mrs D's representative has argued that Mr D's prior fraud exposure ought to have been a factor in how it reacted to the payment being made, but the bank was not put on notice about the fraud until Mr D complained in 2024 via his representative. So I fail to see how this ought to have been taken into consideration when processing the payment.

Overall, the additional arguments made by Mr and Mrs D's representatives have not persuaded me to depart from the findings I set out in my provisional decision.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 7 November 2025.

Stephen Westlake
Ombudsman