

The complaint

Miss S complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't refunded the money she says she lost as part of an authorised push payment ('APP') investment scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened. Around October 2022, Miss S's sister (whom I'll refer to as 'F') made several payments, believing that she was making a cryptocurrency investment with another individual whom I'll refer to as 'A'.

F thought her investment with A had grown and she tried to withdraw funds. However, she was told she would need to pay various fees before her funds would be paid to her. In November 2022, Miss S says F asked her to help fund the payments A had asked for so that F's investment could be withdrawn.

Between 7 November 2022 and 11 January 2024, Miss S made 57 faster payments, totalling £37,013, to help F withdraw from the cryptocurrency investment. This included payments totalling £30,920, which Miss S sent to F, and additional payments totalling £6,093, which Miss S sent to nine different beneficiaries. Miss S did receive some funds back from F, and she also received £5,165 from two of the other beneficiaries she paid.

Believing that she and F had been scammed, Miss S reported the situation to NatWest. After considering Miss S's claim NatWest decided not to reimburse her. It didn't think Miss S had acted reasonably when making the disputed payments and so it didn't think it was responsible for refunding her loss. However, it did agree that its customer service could've been better and it paid Miss S £100 compensation in recognition of this.

Unhappy with NatWest's response, Miss S referred her complaint to this service. In its submissions, NatWest maintained its decision not to refund Miss S's loss. However, it did offer a further £200 compensation in recognition of the poor customer service Miss S had received. Our Investigator considered the complaint but didn't uphold it. In summary, they said there wasn't enough evidence to say Miss S had been the victim of an APP scam, meaning NatWest wasn't responsible for refunding her loss.

Miss S didn't accept our Investigator's opinion. She argued that she'd provided enough evidence to suggest an APP scam had taken place and that NatWest should reimburse her loss. As an agreement couldn't be reached, the complaint was passed to me to decide.

After reviewing the complaint, I was satisfied Miss S had, most likely, been the victim of an APP scam. However, I wasn't persuaded NatWest was responsible for refunding Miss S's loss. As I'd reached a different outcome to our Investigator, I issued a provisional decision setting out the reasons why I didn't think NatWest needed to reimburse Miss S.

NatWest agreed with my provisional decision, but Miss S didn't. She said that A made the investment look real, by providing login details to cryptocurrency tracker apps which showed the investment increasing but gave no option for F to withdraw the funds herself, meaning they were reliant on A to access the funds on F's behalf. Miss S also believes that NatWest ought to have been concerned by the volume of transactions she was sending as part of the scam, but it failed to intervene and identify she was being scammed. Miss S remains of the opinion that NatWest should be held responsible for her loss.

As both parties have responded to my provisional decision and an agreement hasn't been reached, I'm now proceeding 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.

Having done so, and after reviewing Miss S's response to my provisional decision, I see no reason to depart from my provisional findings, which I'll reiterate below.

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Having done so, I've reached the same outcome as our Investigator, but for different reasons. I'll explain why I don't think NatWest needs to do anything further to resolve Miss S's complaint.

Miss S has explained that most of the correspondence relating to the disputed payments is no longer available. But she has provided some evidence of the communication between her, F, A and some other third parties. Whilst these messages don't set out what each individual disputed payment was for, they do give an overall understanding about what's happened.

Having reviewed the messages, I think they are consistent with a romance/investment scam which Miss S and F allege has happened here. And I think it's likely that Miss S has sent payments for the purpose she's explained – i.e., she sent money to various payees to facilitate the withdrawal of funds from F's investment with A. So, unlike our Investigator, I'm satisfied that Miss S has more likely than not been the victim of an APP scam. So, I've considered whether NatWest ought to reimburse Miss S's loss.

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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Miss S made the scam payments. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Miss S is responsible for the payments (and the subsequent loss) despite the payments being made as the result of a scam.

However, that isn't the end of the story. At the time Miss S made the scam payments, NatWest was signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code, which was in place until 6 October 2024. The CRM Code provided additional protection to consumers who had been the victims of APP scams like this, in all but a limited number of circumstances.

The payments Miss S made to F aren't covered by the principles of the CRM Code. That's because those payments, for all intents and purposes, were genuine payments, to the person Miss S was intending to pay and that F's intention for receiving the payments was the same as Miss S's purpose for making them. So, whilst the payments were made because of a scam, Miss S's payments to F don't meet the criteria for the CRM Code to apply.

However, the payments Miss S made to the nine unknown beneficiaries are caught by the CRM Code and so I've considered whether Miss S reasonably ought to have been reimbursed by NatWest.

NatWest considers that under the CRM Code there is an exception to reimbursement. The CRM Code states at R2(1):

"A Firm may choose not to reimburse a Customer if it can establish any of the following matters in (a) to (e). The assessment of whether these matters can be established should involve consideration of whether they would have had a material effect on preventing the APP scam that took place..."

(c) In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that:

- (i) the payee was the person the Customer was expecting to pay;*
- (ii) the payment was for genuine goods or services; and/or*
- (iii) the person or business with whom they transacted with was legitimate..."*

I've carefully considered NatWest's representations about why it shouldn't have to reimburse Miss S's loss under the CRM Code. I've also taken into consideration Miss S's testimony and the evidence she's provided of the scam.

I'm really sorry to disappoint Miss S, but I think NatWest has fairly established that a valid exception to reimbursement applies in this case, specifically that Miss S made the scam payments without a reasonable basis for believing that the persons with whom she transacted with were legitimate. I'll explain why below.

By the time Miss S began making the payments which are covered by the principles of the CRM Code, she and F had already paid approximately £33,000, to individuals they didn't know, for the purpose of investing with A and F being able to withdraw her funds. Neither Miss S nor F had received any funds in return. So, there was nothing to suggest that paying further funds would result in a different outcome. As a result, I don't think Miss S reasonably believed that by making the payments (which are caught by the CRM Code), that F's funds would be released by A.

I appreciate that several beneficiaries that Miss S and F paid subsequently did return some funds, but these payments were mostly small in value, infrequent and significantly less than the funds Miss S and F had sent to A (and other individuals). So, I don't think the credits Miss S received are enough to say she had a reasonable basis for belief when she made the subsequent payments. I'm therefore persuaded NatWest has demonstrated that an exception to reimbursement under the CRM Code applies in Miss S's circumstances.

Whilst I've established that Miss S didn't have a reasonable basis for belief, I also need to consider whether NatWest met its expectations under the CRM Code, which required it to give an effective warning when it identified (or reasonably ought to have identified) an APP scam risk.

The scam payments covered by the principles of the CRM Code were spaced out over a period of 12 months. The largest payment was for £1,000, which went to an existing payee. So, I don't think the pattern of the payments indicated a scam risk to NatWest at the time the payments were made. As a result, I don't think NatWest needed to provide Miss S with an effective warning.

I appreciate that falling victim to this scam will have been distressing for Miss S, especially as she's provided evidence that shows A was aggressive and threatening in some of his exchanges with her and F. She's also reported that he was blackmailing her and F into making some of the payments. Whilst I can understand how this might have impacted her decision making, I'm not satisfied this demonstrates that Miss S was vulnerable to this scam or that she couldn't have protected herself from the scam. And, as a result, I don't think she is entitled to reimbursement under the CRM Code.

I've thought about whether there are any other reasons, outside of the CRM Code, that would allow me to fairly hold NatWest responsible for Miss S's loss. Good industry practice required NatWest to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

Based on the value and the pattern of the scam payments, I'm not persuaded NatWest reasonably ought to have been concerned that Miss S was at risk of financial harm from fraud to the extent that it ought to have intervened and questioned the payments. The value of the payments weren't so significant that the value alone made them appear suspicious. I accept there was a payment to F for £5,000, which was larger than previous payments. However, F was an existing payee who Miss S had sent funds to and received funds back from over a number of years. So, I don't think NatWest reasonably ought to have been concerned by that payment.

Even if NatWest had intervened (which, to be clear, I don't think it needed to), Miss S has said that when making the payments she was threatened with violence, blackmailed and coached by A on what to do. This suggests that Miss S wouldn't have answered NatWest's questions accurately and the scam would've likely gone undetected. So, I can't fairly say NatWest could've prevented Miss S from making the payments or that she would've heeded any warnings it may have provided.

Once it was aware of the scam, NatWest took steps to recover Miss S's funds from the beneficiary firms (with the exception of those payments she sent to F), but this wasn't successful. Given Miss S reported the situation several months after the scam payments stopped, I'm satisfied it couldn't reasonably have done anything more to recover her loss.

Miss S has, most likely, been the victim of a cruel scam. Whilst I have natural sympathy with Miss S, I'm not persuaded NatWest could've prevented the loss or recovered the funds. I'm also not persuaded it should be held responsible for reimbursing Miss S's loss.

I appreciate that Miss S funded some of the scam payments through a £10,000 loan which she took out with NatWest, and she'd like it to be written off. I haven't been provided with any evidence to suggest Miss S has made a complaint to NatWest about the sale of the loan. If she has any concerns about the loan being mis-sold, she will need to raise these with NatWest in the first instance.

NatWest has recognised that it could've provided Miss S with a better customer experience after the scam was reported. To apologise for the impact this had on Miss S, NatWest has paid £100 compensation and offered a further £200. In the circumstances, that offer seems reasonable."

I appreciate Miss S says A provided F with convincing evidence to demonstrate the investment was genuine. However, I'm not persuaded this gave Miss S a reasonable basis for belief when she paid third parties (not including F) to allow the investment to be withdrawn. This means NatWest doesn't need to reimburse the payments that are covered by the principles of the CRM Code.

As explained above, by the time Miss S started making the payments that are covered by the CRM Code, she and F had already paid approximately £33,000 as part of the scam, a vast majority of which were payments to facilitate a withdrawal from the investment. However, neither Miss S nor F had received anything back. Whilst Miss S and F subsequently received some credits from the scammer, these were for amounts that were significantly less than the funds that had been sent due to the scam. I also have to bear in mind Miss S's allegations that some of the scam payments were demanded through fear and intimidation, which reasonably ought to have resulted in Miss S questioning the legitimacy of what she was being asked to do.

So, overall, I don't think Miss S had a reasonable basis for believing that the payments she made (that are covered by the principles of the CRM Code) were for a legitimate reason. It follows that I think NatWest is entitled to refuse reimbursement of those payments.

I appreciate Miss S thinks the pattern of transactions was suspicious and that NatWest ought to have intervened to question her about them. Miss S made 57 scam payments, which I accept is a large number of payments. However, these were made over a period of more than 15 months – an average of approximately one payment every seven days.

The payments weren't made in quick succession. And, a majority of the payments went to F, who was an existing payee that she'd paid and received payments from for several years before the scam and who she continued to receive payments from during the scam. So, the pattern of transactions wasn't suspicious. Also, the values of the payments alone weren't remarkable enough that NatWest reasonably ought to have been concerned that Miss S was at risk of financial harm from fraud.

Miss S has explained how the scam has impacted her and I'm sorry that she's lost this money. Whilst I sympathise with her situation, I'm not satisfied NatWest can fairly be held responsible for the loss she's suffered. As a result, I'm not persuaded NatWest was incorrect when it declined to reimburse her. So, I'm not of the view that NatWest needs to do anything more than it's already offered to do to resolve the complaint. If NatWest hasn't already paid the additional £200 compensation it's offered, then it should do so.

My final decision

For the reasons explained above, and in my provisional 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 Miss S to accept or reject my decision before 18 December 2025.

Liam Davies
Ombudsman