

The complaint

Mr F is unhappy NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) hasn’t offered him a refund in its capacity as the receiving bank, after he said he was the victim of an Authorised Push Payment (“APP”) scam.

What happened

Mr F transferred just over £11,000 to an account held with NatWest. He later raised a claim with his bank saying he’d made the payments as part of a scam. He also raised a complaint against NatWest saying it was responsible for his loss for the following reasons:

- it hadn’t evidenced that it carried out sufficient checks on its customer during its account opening process;
- it failed to identify suspicious account activity which could have prevented his losses; and
- He had been treated poorly when NatWest looked into his complaint. Specifically, NatWest sent its final response letter when its phonelines were closed and he was unable to speak with anyone or ask questions.

NatWest looked into Mr F’s claim. It said it no longer held any account opening information as the account was opened too long ago. It also said it wasn’t accepting liability for the scam and was not offering any reimbursement. It didn’t think it had done anything wrong in issuing its outcome to Mr F as soon as an outcome had been reached and there was no requirement for it to wait for its telephone lines to re-open.

Unhappy with NatWest’s response, Mr F brought his complaint to this service.

Our investigator looked into the complaint and said they’d considered NatWest’s obligations and its decision not to refund Mr F in line with its application of the CRM code. They said:

- This service couldn’t consider the account opening process because it wasn’t within our jurisdiction.
- There wasn’t anything about the account activity that did or ought to have given NatWest cause for concern to the point it should’ve intervened and therefore prevented Mr F’s losses.
- NatWest weren’t obliged to return Mr F’s funds as this matter had been deemed a civil dispute.

Mr F disagreed with the investigators findings and as an informal agreement could not be reached, the complaint has been 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.

Having done so, I've reached the same overall conclusion as the investigator for largely the same reasons. I'll explain why in more detail below:

DISP 2.7.6R(2B) is applicable where the consumer has been the victim of an Authorised Push Payment ("APP") scam. This decision focuses solely on the actions of NatWest – as the Receiving Firm of the account where Mr F made payments to.

Among other things, regulated firms receiving payments, like NatWest, are required to conduct their 'business with due skill, care and diligence' (FCA Principle for Businesses 2) and to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship).

And, more generally, given the increase in sophisticated fraud and scams in recent years, as a matter of good industry practice at the time, firms should reasonably have had measures in place to detect suspicious transactions or activities that might indicate fraud or financial abuse (something also recognised by the Banking Standards Institute's October 2017 'Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice').

I'm also satisfied that this good practice requirement meant not just looking out for situations where a customer might be the victim of fraud, but also situations where the customer might be the perpetrator of fraud or a money mule.

Also relevant in this case, as mentioned earlier, is the CRM Code that NatWest agreed to abide by the principles of.

The relevant considerations for Receiving Firms under the CRM Code set out the following:

"CRM Code: Payment Journey – Receiving Firm

SF2... Receiving Firms should take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams. This should include procedures to prevent, detect and respond to the receipt of funds from APP scams. Where the Receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

Prevention

SF2(1) Firms must take reasonable steps to prevent accounts being opened for criminal purposes.

Detection

SF2(3) Firms must take reasonable steps to detect accounts which may be, or are being, used to receive APP scam funds.

Response

SF2(4) Following notification of concerns about an account or funds at a receiving Firm, the receiving Firm should respond in accordance with the procedures set out in the Best

Practice Standards.”

In considering all of the above, and to determine if NatWest met the standards required of it under the CRM Code, I have looked at whether there was anything in the way the account was being used that should have given NatWest any cause for concern and finally; once notified of fraud, whether it acted appropriately and in a timely manner. And if I consider there were failings in relation to any of the above, I have to consider whether NatWest’s acts or omissions resulted in Mr F’s losses.

I would like to point out that at this point, that while NatWest has provided our service with information about the receiving bank account – it has done so in confidence. This is to allow us to discharge our investigatory functions and NatWest has provided that which is necessary for the determination of this complaint. Due to data protection laws our service can’t share any information about the beneficiary, the receiving bank account or any investigation and action NatWest subsequently took. However, I would like to assure Mr F I have thoroughly reviewed and considered all the information provided before reaching my decision.

Prevention – the account opening process

As the investigator set out, we can’t consider the account opening element of the complaint because the account was opened prior to 31 January 2019. This means we can’t look at NatWest’s acts or omissions with regards to the account opening. This is because DISP 2.7.6R(2B) which enables a payer to complain about the receiving bank, is limited to acts or omissions on or after the 31 January 2019.

Detection – account activity

The primary duty of a bank is to follow their customer’s instructions and make payments as directed in line with the mandate – which is usually set out in the terms and conditions of the account. The CRM Code sets out that Firms must take reasonable steps to detect accounts which may be, or are being, used to receive APP scam funds. This ties in with long standing regulatory and legal obligations Banks and Building Societies have to monitor their business relationships and to be alert to other risks - such as fraud, which would include giving consideration to unusual and out of character transactions.

I can’t see that there was any suspicious activity on the account that means NatWest failed to prevent or detect the receipt of fraudulent funds. I’m also satisfied there were no other red flags where it could reasonably be argued that NatWest might have had sufficient grounds to suspect fraud and refuse execution of their customer’s payment instructions. So, from what I’ve seen, I don’t think NatWest ought reasonably to have had concerns where I would have expected it to have intervened, so I can’t fairly say that it could have prevented Mr F’s losses in this way either.

Response

The Best Practice Standards set out that a Receiving Firm must take appropriate action, in a speedy manner, upon notification of APP fraud and notify the Sending Firm if any funds remain for recovery. In this case, the Sending Firm believed this was a private civil dispute and NatWest did too. This meant NatWest wasn’t required to return Mr F’s funds. Regardless, there were no funds remaining in the receiving account to be returned to Mr F. So, taking the above into consideration, I’m not persuaded I can fairly say NatWest didn’t do enough to respond to the alleged APP fraud.

Overall, I'm satisfied that NatWest met the standards required of it under the CRM Code. I also don't think NatWest could've done anything more as the Receiving Firm to have prevented the loss of Mr F's money.

I've also taken into account Mr F's arguments that NatWest issued its final response letter during the weekend when its phonelines weren't open. I understand why Mr F would feel this to be insensitive given the nature of his complaint. However, I'm not persuaded NatWest did anything wrong by issuing its outcome when it did. I understand that NatWest's over-arching priority was to provide Mr F with an outcome to his complaint as soon as possible. Furthermore, the outcome reached was NatWest's final answer on the matter and the nature of this complaint meant that the evidence used to assess it and reach an outcome would need to remain confidential. So, I'm not persuaded that a further conversation would've been helpful in this situation. Regardless, I don't think it was unreasonable for Mr F to wait until NatWest's telephone lines re-opened on Monday.

I understand that Mr F is also unhappy that the same person who initially addressed his complaint later dealt with his appeal. It is not for this service to become involved in how NatWest chooses to allocate its workload. However, it is suffice for me to say that I agree with the overall outcome reached by NatWest and I haven't seen anything that suggests the same person dealing with Mr F's appeal has led to an unfair or incorrect outcome.

I appreciate this decision will come as a disappointment to Mr F, but I'm satisfied that NatWest doesn't need to refund him his losses.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 February 2026.

Emly Hanley Hayes
Ombudsman