

## **The complaint**

A limited company I'll refer to as C complains National Westminster Bank Plc have declined to refund them for transactions carried out by a former staff member, they say they didn't agree to. They'd like the funds reimbursed.

## **What happened**

The background to this complaint is well known to both parties, so I will cover it off only briefly here.

C holds business accounts with NatWest. In November 2023 C contacted NatWest to say a former staff member, who I will refer to as X, had used their Bankline system to transfer themselves money they weren't entitled to. C originally reported that between January 2018 and November 2023 X had made over 190 payments totalling over £600,000 to themselves. C argued a large proportion of these funds had not been authorised by them, and asked NatWest to reimburse them.

NatWest responded to say X was an authorised user of the Bankline system, and as such their responsibility is to process the payment requests in line with the mandate. They didn't see they should be liable for refunding them.

C then referred their complaint to our service, questioning why NatWest did not question or flag the transactions sent to X's account. They said they had attempted to recover the funds from X, but had so far been unsuccessful. One of our investigators looked into what happened, but he didn't think NatWest reasoned to do anything more. He said X had the authority to transact on the account, so the payments would be considered authorised. He also did think the transactions themselves stood out enough NatWest ought to have questioned them before processing them.

But C disagreed, saying they had found more transactions they believed weren't authorised, and felt the total amount misappropriated was over £600,000. They said our service should request further information from NatWest as to how the payments were set up. They also said they'd spoken to NatWest about concerns at some point in 2020 or 2021, but no action was taken. But this didn't change the investigator's mind.

As such the complaint has been passed to me to decide.

## **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.

I appreciate C has asked us to keep their complaint open. But I'm satisfied I have enough evidence to reach a fair and reasonable conclusion. And having considered this evidence carefully, I'm not persuaded NatWest have done anything wrong here. As such, I don't see they need to do anything. I appreciate C will find this disappointing, but I'll explain why.

C has also provided a higher value of losses than originally referred to NatWest. I've considered this, and I recognise the transactions went on a long time, so it wouldn't necessarily be immediately clear which transactions weren't for genuine business purposes. Ultimately my role is to decide whether NatWest were reasonable in declining to reimburse C, so I see it's appropriate for me to consider the transaction originally reported as misappropriated.

I also note C has attempted to recover funds directly from X through the courts, but my understanding is they haven't been successful.

Firstly, it doesn't appear in dispute that X had the authority to transact on C's account. NatWest has shown us the evidence they were an authorised user of the Bankline system, and the Bankline card was in their name. And it seems part of their duties at C was to process payments. So, under the regulations relevant to payments within the UK – the Payment Services Regulations 2017 (PSRs) – the transactions from C's account would be considered authorised.

Under the PSRs the requirement on NatWest is to process payment instructions from authorised parties quickly and efficiently. And there's no obligation on them to understand or consider the purpose of the payment. I'm satisfied the PSRs do not oblige NatWest to provide a refund.

But our remit also encompasses what I'd consider to be fair and reasonable. At the time of the transactions NatWest would be expected to have systems and controls in place to monitor accounts for signs of financial harm – such as fraud or money laundering. And if they have reasonable grounds to believe, it may be appropriate for them to intervene to find out more about what's happened. The level of intervention would have to be appropriate to the risk.

It would generally be up to NatWest how they configure their detection systems, in agreement with their regulators. And they're not under any obligation to share these factors with C. But broadly if I felt there was a significant failing by the bank such that they could reasonably have prevented losses to C, then I might say they should reasonably reimburse some of the losses.

But I'm also mindful that as there is no obligation on NatWest to know or understand the underlying purposes of a payment, it's going to be harder to detect ongoing misappropriation of funds by an employee, compared to something like a scam where you may more likely see a rapid dispersal of funds to a new payee.

Based on the circumstances of C's account, I'm not persuaded NatWest have done anything wrong by processing the payment instructions without intervention. Looking at the patterns of identified transactions between 2018 and 2022, I don't see the transactions to X's account look significantly out of character. I also note X was receiving some legitimate payments, which I understand was their salary. But I wouldn't expect NatWest to be aware of this distinction.

During 2022 and 2023 there was a change in the value of the transactions, with a few higher value payments. But again, these don't generally fall outside the usual pattern of transactions of the account, as the account was regularly used to make payments of similar value. And by this point the funds were going to a long-standing existing payee, with no previously reported or disputed transactions. And there were still no other factors that might indicate financial harm – such as a rapid disbursement of funds or draining of the overall account balance. I'm not persuaded there was a significant cause for NatWest to intervene on any of the transactions identified as being sent by X.

But C has said a director was contacted by NatWest at some point in 2020 or 2021 to discuss the volume of transactions sent to X. NatWest haven't been able to find a record of this contact and have provided their call history. I can't see there was a call along these lines. But even if I accept the director's recollection, then the reasonable response would have been for C to investigate as they would be the only party who could verify the purpose of each payment. This doesn't seem to have happened, and X remained employed.

C has said the name on payee account would have flagged as a mismatch from the Confirmation of Payee (CoP) system, as X had changed the destination account. But I'm also minded that the CoP system is designed to let payers know if the account details don't match, rather than a check the bank rely on before processing a payment. This CoP process was only introduced in 2020, so any payments prior to this wouldn't have received any warning.

The guidance on CoP checks also states it's only required when a new payee is created, so by the point CoP was introduced in 2020, X would already be an existing payee. And in any event, X would have been the one to see any warning the account details wouldn't match – which they would have been aware of anyway. So, I don't see this should reasonably have prevented any losses to C.

While I've no doubt this will be disappointing to C, I'm not persuaded that NatWest have done anything wrong by processing the payment transactions as requested by an authorised user. As such, I don't see they need to do anything further.

### **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 C to accept or reject my decision before 5 February 2026.

Thom Bennett  
**Ombudsman**