

The complaint

Mr H complains National Westminster Bank Plc shouldn't have allowed him to use the proceeds of a loan and his savings to buy cryptocurrency.

What happened

Mr H – who is represented by his parents – has an account with NatWest.

In July 2022 Mr H successfully applied for a £10,000 from NatWest. He says he used these loan proceeds – and £4,000's worth of savings – to buy cryptocurrency which was subsequently stolen from his wallet. He complained to NatWest. His parents helped him do so and said that he'd just been released from a month long stay in hospital on account of mental health issues.

NatWest looked into Mr H's complaint and said that it hadn't made any errors.

Mr H complained to our service with the help of his parents. He complained that NatWest shouldn't have approved his loan and shouldn't have allowed him to spend £14,000 on cryptocurrency.

One of our investigators looked into Mr H's complaint that NatWest shouldn't have approved his loan. Mr H's parents said that there were a number of reasons why NatWest shouldn't have done so. That complaint has been dealt with by another ombudsman who issued a final decision saying that NatWest hadn't acted unfairly or unreasonably.

Another of our investigators looked into Mr H's complaint that NatWest shouldn't have allowed him to spend £14,000 on cryptocurrency. Mr H's parents weren't happy with our investigator's recommendations in relation to that complaint. They, therefore, asked for their son's complaint to be referred to an ombudsman for a decision and for the whole complaint to be considered holistically. The complaint was, as a result, referred to me.

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.

Last month I issued a provisional decision so that both parties would have an opportunity to comment on what happened in this case given the additional evidence that came to light late on in our investigation. That included, for example, two call recordings which show that NatWest was aware Mr H was buying cryptocurrency and that NatWest asked him the types of questions we'd expect when checking a customer isn't at risk of being scammed. In that provisional decision I said:

“Having gone through Mr H's statements, I can see that Mr H sent £300 to a well-known cryptocurrency exchange on 4 July 2022. That was three days before the loan proceeds were paid into his account. I'm also satisfied that Mr H attempted to send another £5,000 to the same merchant he subsequently sent payments to on 4 July

2022. I say that because NatWest has sent us evidence of interventions that took place when Mr H attempted to send payments to merchants involved in cryptocurrency and I'm satisfied based on that evidence that the £5,000 he tried to send on 4 July 2022 was flagged as NatWest considered it to be a high-risk transaction. I'm satisfied based on that evidence that NatWest sent a text message to Mr H to check the transaction was genuine and reversed the £5,000 payment 72 hours later as Mr H didn't reply. It looks like Mr H didn't reply because around that time he changed his mobile phone number. He attempted another payment on 7 July 2022 – for £2,000 – and that payment also triggered a fraud alert. That payment was 15 minutes after the £5,000 payment bounced back. On this occasion, Mr H calls NatWest – I've listened to that call as well as another call later on that same day. Those calls happened on the same day the loan proceeds were credited to Mr H's account.

Based on both the calls I've just mentioned, I'm satisfied that NatWest knew that Mr H was making payments to a cryptocurrency wallet. I'm also satisfied that NatWest asked the types of questions that we'd expect a business to ask when they're making payments to a cryptocurrency wallet to make sure that he wasn't falling victim to a scam. For example, NatWest confirmed that:

- the cryptocurrency wallet was an account he'd set up;
- the account was in his name; and
- he wasn't speaking to anyone else who was encouraging him to make the payment or to lie to the bank.

In the call there's nothing that in my opinion could have alerted NatWest to the fact that Mr H was vulnerable."

Having spoken to one of Mr H's parents, I know that the idea that NatWest had missed signs that Mr H was vulnerable was a concern.

Both parties were invited to respond to my provisional decision. NatWest said it thought it was fair.

In my provisional decision I said:

"NatWest now know that Mr H is vulnerable – and why. That's something we've said NatWest ought to take into account when deciding what happens to the loan, and its repayment."

That's something the parties will no doubt want to speak about next now that I've issued this decision. So, that's why I'm reminding NatWest of what I said about it now knowing Mr H is vulnerable.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 August 2024.

Nicolas Atkinson
Ombudsman