

The complaint

Mr M complains that National Westminster Bank Plc (“NatWest”) have failed to refund money that Mr M lost as part of an investment scam.

What happened

Mr M’s sister had been contacted by a scammer that I will call “B”. He says that his sister was encouraged by the scammer to “invest”. After she had received some money back as ‘profits’, Mr M also invested. From what I can see he made the following payments to a crypto exchange that were then used to buy cryptocurrencies and were then forwarded onto B. The payments made were as follows;

Transaction Number	Date	Amount	Method of Payment
1	26 June 2023	£1,500	Open Banking
2	26 June 2023	£1,000	Open Banking
3	26 June 2023	£500	Open Banking
4	27 June 2023	£3,000	Open Banking
5	27 June 2023	£1,100	Open Banking
6	29 June 2023	£1,032.56	Open Banking
7	3 July 2023	£3,000	Open Banking

Mr M’s sister’s account balance became zero and she was told she needed to pay £50,000 in order to recover her funds. At this point Mr M and his sister realised they had both been scammed.

Mr M raised a complaint with NatWest as he believed that NatWest should have stopped him from making the payments in question.

One of our investigators looked into this matter they did not uphold this complaint.

Mr M did not agree with this and therefore his complaint was passed to me to issue 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.

It isn't in dispute that Mr M authorised the disputed payments he made. The payments were requested by him using his legitimate security credentials provided by NatWest, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether NatWest should have done more to prevent Mr M from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character. However, having taken Mr M's account activity and payment history into account, I do not think the payments he is disputing should have been regarded as particularly unusual.

In this instance the first two payments were not of a size or pattern that would indicate that Mr M was being scammed. Payment three however I think should have prompted an online warning from NatWest as it represented the third payment made the same day to a crypto exchange and was large enough when combined with the previous two to have been unusual. I say this because Mr M was not in the habit of making multiple, relatively large, payments to crypto exchanges.

But, even if NatWest had intervened I don't think a general crypto warning would have stopped the scam from continuing at this point. I say this because from what Mr M had described, it was his sister for the most part that was dealing with B. So, from what he has said, he was not as aware of the features of the scam, as his sister was.

So I don't think that any warning setting out the common features of crypto scams would have resonated with him. I also can see that Mr M said that he had done his own research and had only found positive reviews for the scheme he was sending his money to. And, more importantly, his sister had already made a large withdrawal of £3,000 from the scheme. So I don't think the scam would likely have been stopped at payment 3, even if NatWest had tried to intervene.

I think when payment 4 was made NatWest should have called Mr M and asked further questions about the nature of the payments. But again, I don't think that this would have prevented or uncovered the scam. I say this because if NatWest had asked questions, they would have likely found out that Mr M was investing on advice of this sister, she had made withdrawals and there were no credible warnings about B at the time. So all I think that would have happened is that NatWest would have provided a general crypto investing warning and, for the same reasons as for payment 3, I don't think that this would have stopped the scam.

Mr M has highlighted that NatWest have limits when it comes to sending funds to crypto firms. He argues that the payments in question should have been prevented. I have carefully considered this but it is my understanding that the limits don't apply to open banking and the payments were made via this method. So I don't think that NatWest, in allowing the payments to be made, had breached its own rules on capping payments to crypto exchanges.

Mr M says that NatWest should have applied its payments limits to all types of payment. NatWest limiting payments to crypto exchanges is a legitimate exercise of its commercial judgment which is something I can't ask it to change. NatWest decided to implement limits to crypto exchanges, it was not obliged to do this. What payments it decides it wants to apply these limits to is its own decision. I can only check if it applied its own policy correctly and from what I can see I believe it has done so.

I should also add for the sake of completeness that had NatWest prevented payments directly to the crypto exchange, I think it's likely that Mr M would have found another way to send the funds. Either via a third party payment provider, a different bank account or via his sister. It's clear that Mr M was intent on making the payments to B at the time, given that his sister had already received 'profits' back from the 'investment'.

I've also thought about whether NatWest did enough to attempt to recover the money Mr M lost. In this instance, the Contingent Reimbursement Model ("CRM") does not apply as it does not cover transfers made to accounts held in the consumer's own name which, is what happened in this instance. So I don't think that NatWest could have recovered the funds.

I appreciate this will come as a disappointment to Mr M, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that NatWest can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 August 2024.

Charlie Newton
Ombudsman