

The complaint

Ms Y, through a representative, complains that National Westminster Bank Plc (“NatWest”) won’t refund the money she lost as part of a scam.

What happened

The background to this complaint is well known to both parties, so I’ll only refer to some key events here.

In March 2022, Ms Y was in contact with a company that I will call B. This company said it would trade on her behalf and would be able to provide her with significant profits. Ms Y sent over £30,000 to an account that she held with a different financial provider. My understanding is that the funds were then sent to a crypto currency exchange and were sent onto B. By May 2022, Ms Y realised that she had been scammed by B as she was unable to withdraw the “profits” that she had made.

Later the same month, Ms Y was contacted by a company that I will call C. It purported to be a company that would trade on her behalf. Ms Y, looking to make up her losses for the previous scam, transferred over £700,000 between 13 May 2022 and 8 July 2022 again to accounts in her name which were then forwarded on to C. When she was unable to withdraw her “profits” she realised that she had been scammed again.

Ms Y made a complaint to NatWest and requested that the transactions be refunded. NatWest in response to the complaint refunded 50% of transactions.

One of our investigators looked into this matter and they concluded that what NatWest had already done was sufficient.

Ms Y’s representative did not agree with this outcome. So, this complaint has been passed to me to issue a decision.

I note that £30,000 in two transactions were sent directly from Ms Y’s business account to an account held with a third-party financial institution and were sent on to the scammer. My understanding is that £30,000 in two transactions was returned from a crypto exchange directly to the business account. The investigator concluded that there was no loss in relation to these transactions. Ms Y’s representative did not argue this, so I have not looked into these transactions. I am only looking at the transactions from Ms Y’s personal account.

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.

NatWest has already refunded 50% of the transactions. So I need to consider whether NatWest needs to do anything more.

To reach my decision I have taken into account the law, the regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time. To note, as the transactions were transfers to an account held in Ms Y's own name, before being forwarded onto a crypto exchange and then on to the scammers, the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

This means I think that NatWest should have:

- been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

In this instance, looking at Ms Y's account history, I don't think that it had any reason to intervene during the scam with company B. I say this because Ms Y had made far larger transactions in the past and the pattern of the transactions was not that unusual either.

In relation to the second scam, I think that NatWest should have intervened around 27 May 2022. I say this because it was at this point that £20,000 had been transferred a day for three days to a relatively new payee and this was unusual for Ms Y's account.

Had an intervention occurred at this point I think that Ms Y would have explained that she was sending money that would eventually have been converted into crypto and sent to a trading company who was 'carrying out trades' on her behalf. I think it also likely that Ms Y would have explained that she was allowing a third-party access to her computer to help carry out these trades.

As these are all hallmarks of a scam, and given that Ms Y had only recently been scammed under similar circumstances, I think that NatWest would likely have discovered that Ms Y was likely being scammed. Had that been pointed out to Ms Y, I think the scam would likely have been stopped. I say this because Ms Y had been scammed before by B and given the messages between her and C she was clearly nervous by this point.

I've considered carefully whether Ms Y should hold some responsibility for her loss by way of contributory negligence because despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions.

In this instance, Ms Y was cold called by C and within a short period of time was transferring large sums of money on their advice. I can't see that Ms Y did any substantial research or carried out any checks to determine that the scammers representations were true. Also I think that given that she had already been scammed by B and the scam that C was carrying out was practically identical, Ms Y should really have done a significant amount of research before trusting a company that was offering to trade on her behalf yet again. I say this especially as it is clear from the messages between Ms Y and C that she was very nervous. Finally, I can see that C were promising returns of 1.5% a week which is over 75% a year. This is not realistic - even if Ms Y had limited trading experience and my understanding is that Ms Y had attended a trading academy to learn how to trade – so I think she ought to have recognised that this 'rate of return' was perhaps too good to be true. So I think that Ms Y did contribute to her own loss.

I also note Ms Y's representative comments in relation to the factors that it feels contributed to Ms Y being susceptible to being scammed. But even taking into consideration the mitigating factors that Ms Y's representative has mentioned, I think that she is partially responsible for her own loss. So I'm satisfied a 50% deduction is fair and reasonable in the circumstances.

Given this, I would usually recommend that NatWest refund 50% of the transactions from 27 May 2022 and add appropriate interest. But given the amount of transactions prior to 27 May 2022 this is less than what NatWest has already refunded, which is 50% of all the transactions, so I don't think it needs to do anything more.

So, taking everything into consideration I think that what NatWest has already done is fair and reasonable. So I don't uphold this complaint as I do not think that NatWest needs to do anything more than it has already done.

My final decision

My decision I don't uphold this complaint as I don't require NatWest to do anything more than it has already done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 2 February 2024.

Charlie Newton
Ombudsman