

## The complaint

G complains that National Westminster Bank Plc (“NatWest”) won’t refund the full amount of money it lost after it fell victim to an ‘authorised push payment’ (“APP”) scam.

## What happened

The background to this complaint is well-known to both parties, so I won’t repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

G complains that from 22 June 2022 it made several payments from its account held with NatWest to what it thought was a legitimate food supplier.

1	22/06/2022	£12,008.93
2	30/06/2022	£19,906.44
3	01/07/2022	£8,268.88
4	05/07/2022	£4,741.80
5	08/07/2022	£12,794.48
6	14/07/2022	£19,717.31
7	18/07/2022	£8,005.30
8	19/07/2022	£10,469.40
9	21/07/2022	£17,024.43
10	22/07/2022	£17,396.33
11	25/07/2022	£18,865.36
12	27/07/2022	£8,629.50

G says in June 2022 it was called by a company offering a container of frozen fish for a competitive price. G started to communicate with the supplier and sent a deposit for the container of goods and shipping costs.

After the initial payment, the supplier asked for several other payments for various things. These included import taxes, port fines, insurance, city permits and the balance of the purchase of frozen food. In total G paid the third party £157,828.16.

In October 2022, G felt it may have been the victim of a scam when the container didn’t turn up, so it logged a complaint with NatWest.

NatWest looked into the complaint but didn’t uphold it. NatWest said that as the payments were international, G wouldn’t be covered under the CRM scheme. It went on to say that it hadn’t found the bank had made any error when G made the relevant payments. As G remained unhappy, it brought its complaint to our service.

Our investigator looked into the complaint but didn’t think it should be upheld. Our investigator found NatWest didn’t unreasonably miss opportunities to prevent the payments

or recover them.

G didn't agree with the investigator's view, so, 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I've decided to not uphold this complaint for materially the same reasons as our investigator. I'll explain why.

I'm sorry if G lost money to scam but this doesn't automatically entitle it to a refund from NatWest. It would only be fair for me to tell NatWest to reimburse G if I thought NatWest reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

### **Prevention**

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

I'm satisfied that although G didn't intend its money to go to a fraudster, it did authorise all the payments. I understand it wouldn't have authorised the payments if it'd known the purchase was a scam, but NatWest is expected to process payments that a customer authorises or instructs it to make, and that is what it did. The Payment Services Regulations (PSRs), state that payments are authorised if the payer consented to them and, in this case, I'm satisfied G consented to all the payments as at the time, it believed it was making payments for the purposes of a legitimate supply of goods.

However, where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payments.

Taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider NatWest should fairly and reasonably:

- Have been monitoring accounts – and any payments made or received – to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams;
- Have had systems in place to look out for unusual transactions or other signs that might indicate 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 banks are generally more familiar with than the average customer; and

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Our service has referenced the relevant rules, codes of practice and good industry practice at the time in many previous decisions published on our website.

Having considered the circumstances of the payments G made, I'm satisfied that the payments were reasonably in line with other payments G was making from its account around that time. G had previously made payments of the same amount and higher, and the scam payments just wouldn't have reasonably stood out in my opinion as suspicious or otherwise remarkable given the prior account history, and the fact they were being made from a business account which had previously made several large payments to suppliers. So, for materially the same reasons as explained by our investigator, I'm not persuaded NatWest ought to have been obliged to have flagged them as suspicious or unusual before following G's instructions to send them. I'm therefore satisfied that I can't fairly say that NatWest unreasonably missed an opportunity to prevent the payments (nor therefore G's loss) before they were sent.

### Recovery

After the payments were made, I couldn't reasonably expect NatWest to have done anything further until G notified the bank that it had been scammed.

Once NatWest was notified, it tried to recover the funds from the beneficiary bank and it advised G to complete a report for the Turkish Authorities. I understand this was because recovery from the beneficiary account in Turkey where the receiving account was based was subject to local laws and practice, and NatWest couldn't guarantee or force co-operation from the Turkish beneficiary bank which said it couldn't return the funds without its customer's (the scammer's) permission. So, I don't think NatWest unfairly hindered recovery of the funds. It tried to recover them but was unable to through no fault of its own. So, I'm satisfied I can't fairly hold NatWest responsible for G being unable to recover the funds.

I realise this means G is out of pocket. And I'm sorry it lost this money. But I think this was ultimately caused by the scammers here, and not NatWest. I can't reasonably ask NatWest to reimburse G in circumstances where I don't think it ought reasonably to have prevented the payments or recovered them.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 24 July 2023.

Tom Wagstaff  
**Ombudsman**