

The complaint

Mr D complains that National Westminster Bank Plc (“NatWest”) mis-led him regarding whether he could use money held with it to invest in crypto currency. This resulted in him losing the ISA status on the funds he was going to invest.

What happened

Mr D held an ISA with a third party investment service. Mr D says in June 2021 he was advised to invest in a crypto currency. Knowing of the banking sectors aversion to crypto Mr D says he decided to approach NatWest about the proposed investment to see whether it would obstruct or prevent him from using funds held with it for investing.

Mr D both called and visited a branch of NatWest to seek this advice. Mr D says his notes of the conversation record that he was asked what the purpose of the transfer was, so it would've been clear to NatWest his intentions. Mr D says he was advised as it was a large payment, he should do it by CHAPS and that internal checks were carried out prior to authorising payments and that in response he asked:

“I wondered whether in particular for a crypto investment transfer the bank would have special conditions we would have to satisfy?”.

Mr D says many points were made to him to suggest the riskiness of such an investment, but he was told nothing to indicate that a payment or transfer for crypto investment would be treated in any particular way. So in July 2021 Mr D moved around £110,000 out of his ISA held with a third party and transferred this to his account with NatWest and wrote a cheque for around £176,000.

Following this Mr D says he was called into a branch to talk to NatWest’s fraud department regarding the payment and was eventually told NatWest would not authorise the payment.

Mr D complained to NatWest about this around 16 months later. He says he didn’t raise his complaint earlier because he spent time looking about to see whether he could do a crypto investment with another agency and was exploring future possibilities.

NatWest says that it had made no error and acted in line with its terms and conditions. It says it has a duty of care to protect its customers from the threat of scams and that as it had concerns about this payment it was blocked.

Mr D was dis-satisfied with this, he says NatWest was in a position to tell him he wouldn’t be able to invest when he made his initial enquires but failed to do so, instead, led him to believe there would be no special difficulty because of the involvement of crypto. Mr D says the movement of the funds resulted in the loss of the ISA status and brought his complaint to this service.

One of our investigators looked into Mr D’s concerns and reached the conclusion that NatWest had acted in line with its terms and conditions and its policy and procedures when the payment was declined so they thought the actions NatWest took were reasonable.

Mr D disagreed and so the complaint was passed to an ombudsman 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 hope that Mr D won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service and I've concentrated on what I consider to be the crux of the complaint – our rules allow me to do that.

And the crux of Mr D's complaint is that he was mis-led regarding the ability for him to make a payment out of his NatWest account to invest in crypto currency which resulted in him losing the ISA wrapper for these funds.

It might be helpful for me to say here that, as we are not the regulator, I cannot make the bank change its policies or procedures – such as how transfers are made or what will be authorised. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at problems that Mr D has experienced and see if NatWest has done anything wrong. If it has, I'd seek to put Mr D back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

The first question I have to ask is whether NatWest did anything wrong in not authorising the payment Mr D wished to make from his account held with NatWest. And I don't think it did. As I've already explained above although it's not for me to tell NatWest run its business, I would expect NatWest to have policies and processes in place to protect it and its customers against fraud. And NatWest's terms and conditions allow it to take certain actions – including not making a payment – if it has concerns such as in this case.

Mr D himself was aware of concerns surrounding crypto currency, so I don't think it was unreasonable for NatWest to take the action it did when deciding not to authorise the payment when after questioning Mr D about it had legitimate concerns as to where the funds were going.

And moving on to the crux of Mr D's complaint, I don't think I've seen enough to show me that NatWest mis-led Mr D into believing it would make the transfer without question. As the way Mr D has explained things regarding the advice he sought from NatWest, it feels very much like the questions Mr D put to NatWest were asked in a hypothetical way and that NatWest wasn't given a lot of detail - such as who he wanted to make a payment to. This is supported by NatWest's internal notes which record that Mr D was "given general scam advice for an investment he was thinking of making".

Hence, NatWest's need to ask further questions when Mr D did go ahead and try and make the payment. I think it was likely a case of Mr D hearing the answer he wished to hear.

In any case I'm not persuaded the outcome would've been any different had NatWest told Mr D the payment would be blocked. I say this as I think he'd made the decision he wanted to invest his money this way and if he couldn't use NatWest to make the payment I think he would've likely tried to find another business that would.

Indeed, Mr D in his own words says he spent some time after the failed payment looking for alternative investments crypto or otherwise. And it wasn't NatWest's actions that caused the

loss of ISA protection, it was Mr D's by selling the investments held in the ISA and transferring the proceeds out to his account held at NatWest. The ISA status had been lost before NatWest decided to block the payment.

So it follows that I do not uphold Mr D's complaint as I can't see that NatWest made a mistake or treated Mr D unfairly.

My final decision

For the reasons I've explained, I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 October 2023.

Caroline Davies
Ombudsman