

The complaint

Miss B and Mr H complain that National Westminster Bank Plc (NatWest) won't refund payments made from their account which they say they didn't authorise.

What happened

The details of this complaint are well known to both parties. So rather than repeat them all here, I'll recap the key points and focus on giving the reasons for my decision.

Miss B believes she fell victim to a bank impersonation scam. She called NatWest on 2 August 2022 as her online banking access and card had been blocked. She says she then received a call from a number without caller ID, who told her they were from NatWest and that there had been fraud on her account. She says she had to provide them with information and they sent her a code.

Following this, Mr H received notification that a direct debit indemnity claim had been raised in relation to a genuine direct debit he had authorised. Miss B and Mr H then discovered that two claims had been raised, relating to genuine direct debits, and so money had been refunded into their account. A series of payments had been made to a particular individual between 4-8 August 2022. Miss B says she received a number of texts from NatWest during this period containing codes – but she didn't share these with anyone. She and Mr H say they didn't submit the claims, nor did they make these payments.

Miss B and Mr H raised a fraud claim – but NatWest didn't agree to refund them. They complained about this decision, and also said they hadn't received notification of the fraud claim. NatWest explained the claim outcome had been sent to the email address it had on file, and reiterated its decision.

As they were unhappy with NatWest's response, Miss B and Mr H referred the complaint to our service. An investigator reviewed what had happened. She came to the outcome that Miss B and Mr H were liable for the transactions, as she couldn't establish how the circumstances described would have allowed unauthorised payments to be made.

I'm now reviewing this complaint as Miss B and Mr H have appealed the investigator's outcome. They say they didn't complete the direct debit indemnity claims and don't know the person who the funds were sent to. Miss B also said her normal phone was broken during this period so she couldn't check her online banking.

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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

In line with the Payment Services Regulations 2017, customers generally aren't liable for payments they haven't authorised. Miss B and Mr H say they didn't authorise these payments, but NatWest disputes this. So I've considered what's more likely.

It's agreed that Miss B called NatWest on the morning of 2 August 2022. A new device had been detected using her mobile app, so NatWest had blocked her online banking and her card. Miss B called and explained she was using a different, temporary phone as she had broken her usual one.

NatWest asked her if it had been her downloading the app at a specified time the previous evening, giving the make of the phone and the internet connection used. Miss B confirmed that was her. She provided a code sent during the call for verification and was told her access would be reinstated.

Miss B says she then received a call from an unknown number – which she's provided a screenshot of – which she thought was from NatWest, but now thinks was a scam. However, on the balance of evidence, I don't think there is enough to show that accounts for the disputed payments.

The audit information I've seen suggests the device used to complete the disputed transactions was also used to make an undisputed payment to an existing payee. And the disputed payments didn't start until 4 August 2022 – so two days after the proposed point of compromise. Which isn't what you'd expect from fraud linked to an impersonation call.

The direct debit claim also wasn't raised until 3 August 2022, so one day after the suspected scam call. After the first direct debit refund was received, a number of undisputed transactions were made, using the same device which was used to access the account on 1 August 2022.

There are further undisputed payments made during this period via mobile banking. Such as transfers to Mr H. And these occurred *after* some of the direct debit refunds had been paid – which in fact seemed to have funded some of the payments, given the prior account balance. So it's unclear to me how those could have occurred without Mr H or Miss B being aware. Or how they were expecting to fund their payments without the claim refunds.

Miss B has sent us screenshots of a number of texts she received during this period, containing passcodes to access the account. But she says she didn't share these with anyone. And these came in the days after the call. So it's unclear how an unauthorised person would have got access to the account, on a number of different days, as would have been needed to make the disputed payments.

The IP addresses used to make some of the payments also matches IP address used to make other, undisputed payments on the same date. This isn't definitive information, but I do consider it relevant to determining what is more likely to have happened.

In response to the view, Miss B also said she was unable to access her online banking when all the payments went out. But when raising her fraud claim, she confirmed to NatWest that she had authorised payments during this period. Which were payments to existing payees rather than the individual who the disputed payments went to.

Miss B was told during the call with NatWest on 2 August 2022 that her access to online banking had been unblocked. And she explained she was using a temporary device to access her banking app. So this doesn't appear to match what she told NatWest at the time, or the audit information I've seen showing the undisputed payments via mobile banking.

I do appreciate there are some unknown factors about what happened here. Where information is incomplete or contradictory, I must decide what's more likely to have happened on the balance of probabilities.

Here, I don't think I have a strong enough explanation for how an unauthorised person was able to make these claims and payments over several days. Especially as the payments occurred in between undisputed payments and account access, some of which came from the same device as undisputed activity, and seemingly from the same locations.

In all the circumstances, I'm not persuaded it's *more likely than not* that these payments were unauthorised. On that basis, I'm not directing NatWest to refund Miss B and Mr H.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr H to accept or reject my decision before 15 September 2023.

Rachel Loughlin
Ombudsman