Ombudsman Decision
CIFO Reference Number: 25-000444
Complainant: Ms T
Respondent: RBSI t/a NatWest International (Jsy)

The complainant, whom I will refer to as Ms T, complains in summary that NatWest failed to protect her from harm when she was targeted by a fraudster who persuaded her to send a deposit for a rental property. She holds the bank accountable for not having taken steps to identify the possibility of fraud – leading her to incur a financial loss.

Background

On 8 April 2025 Ms T made an online payment from her NatWest account of £1,075 for a deposit on a rental property. The bank held the payment pending a fraud check, and after speaking with Ms T, released it on 9 April 2025. Ms T initially complained about the delay caused by the fraud check and then raised a subsequent complaint when she identified on 14 April 2025 that the person she paid the deposit to had let the property to someone else and refused to return the payment. Ms T made a fraud report to the beneficiary bank and also to NatWest. NatWest was unable to recover the payment from the beneficiary account as no funds remained and so could not refund Ms T.

Ms T's position is that the bank should refund her as she could not have known that the person she sent the money to was impersonating someone else.

NatWest did not uphold Ms T's complaint. It said that it had identified the payment as potentially fraudulent and had contacted Ms T to ensure she

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

knew who she was paying. Ms T received an appropriate fraud warning and NatWest was unable to recover any funds from the beneficiary account.

The adjudicator did not uphold Ms T's complaint. She concluded that the bank had taken appropriate measures to protect Ms T when it identified the payment as potentially fraudulent and contacted her to carry out checks. It was reasonable of the bank to release the payment once it had spoken to Ms T. The bank took appropriate action to try and recall the funds but was no funds were available.

Ms T did not accept the adjudicator's recommendation and asked that an Ombudsman review the case.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint.

My starting point is that it is the bank's principal duty to make the payments its customers ask it to make. Banks in Jersey are also under a regulatory obligation to have systems and procedures in place to prevent fraud. Ms T's account in Jersey is subject to regulations set out by the Jersey Financial Services Commission (JFSC). Principle 2 of the JFSC's Code of Practice for Deposit Taking Business (also known as the Banking Code) which requires a bank, amongst other things, to act with "due regard for the interests of its customers". The Jersey Banking Code also requires banks to have systems in place to "guard against involvement in financial crime".

In this instance, there is no dispute that the payment was made as a result of a genuine instruction given by Ms T. This was not, for example, a case where someone was impersonating her or where her log-in details had been compromised. And the payment was made to the correct account. I do accept that Ms T was tricked into making the payment. She genuinely believed it would be used as a rental deposit, as she had been told it would. But it was nevertheless a payment which she had authorised and, in making it, the bank was following her instructions.

In carrying out a customer's instructions, however, a bank should act with reasonable care and skill. In some cases, that can mean it should go further than simply following instructions correctly; it should not, for example, ignore obvious indications that the customer does not understand what they are doing.

In this case, the bank did identify that the payment was out of character and that there was a risk that Mr T might become a victim of fraud. The bank therefore required Ms T to speak to its fraud team before the payment was released.

The relevant extracts from the call on 9 April are as follows:

"HSBC: You currently have a large payment on hold and it is being sent to a beneficiary called [Ms S]. Just to confirm, do you recognise this payment? And did you make the payment yourself?

Ms T: Yes, I made it yesterday.

HSBC: OK, so it was considered high risk by our fraud prevention system. So we just want to talk to you about this payment. We're here to protect you and keep your money safe. To help with this. So we'll be asking you some questions regarding this payment. Please be honest with your responses.

HSBC: Is this the first time you're sending money directly into this bank account?

Ms T: Yeah

HSBC: All right, this is the reason why this payment has been flagged alongside with the amount that you are sending through. We wanted to ensure you were fully aware of this transaction.

Ms T: Yeah

HSBC: So with that being said, if you can please go ahead and confirm the reason for this payment being made.

Ms T: It's for a rental property…

…

HSBC: OK, so with that being said, how did you receive the account details you have used to make this payment?

Ms T: I got it directly from the landlord as well as the agreements and everything.

HSBC: Was this received through e-mail or was this in person or was this by phone?

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Ms T: Well, we spoke in person and the transaction was done via e-mail.

HSBC: OK, so regarding the details that were sent through to you in that invoice, have you confirmed those details with the account holder verbally?

Ms T: Yes, I even have the copy of their passport, the landlord's passport.

HSBC: OK. Have you confirmed the details further through a phone call?

Ms T: They've confirmed.

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HSBC: And just to make you aware, should you report this payment to be a scam after it has been made, you'd be unable to reclaim your funds. The bank you send your money to is not obliged to refund you, meaning that you will be losing the entire sum. With knowing this information, do you still wish to send through this payment?

Ms T: Yeah.

I am satisfied that NatWest asked relevant and tailored questions, received answers which indicated that the payment was genuine, and gave warnings before Ms T confirmed she wanted to go ahead with the payment. I cannot reasonably say that NatWest should have done any more than it did to prevent the loss that Ms T experienced.

Where a payment is reported as fraudulent (whether or not it is authorised by the bank's customer), we do expect the paying bank to take prompt steps to try to recover the funds from the receiving bank. I am satisfied that NatWest acted promptly in this case. Unfortunately, however, because it was a few days before Ms T realised what had happened, funds had already been moved from the recipient's account. I believe however that NatWest took reasonable steps to recover those funds.

I am very much aware that what I have set out above will be disappointing for Ms T. However, for the reasons that I have explained, I do not consider that it would be fair or reasonable for me to impose a liability on NatWest for the payments that Ms T authorised the bank to make.

Final Decision

My final decision is that I do not uphold Ms T's complaint.

Mike Ingram
Ombudsman

Date: 30 March 2026