

The complaint

A complains that Cater Allen Limited trading as Cater Allen Private Bank won't refund several payments it says it lost to a scam.

What happened

A complains that from July 2018 it sent several payments to what it thought were legitimate investments.

When A didn't get it's promised returns, it raised a complaint with Cater Allen.

Cater Allen looked into the complaint but didn't uphold it. Cater Allen found it was a civil dispute, rather than a scam. So, A brought the complaint via a representative to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator found A paid a legitimate firm at the time, so he too thought it was more of a civil dispute.

As A didn't agree with the Investigator's view, the complaint has been passed to me to decide.

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 have decided to not uphold this complaint. I know this will be disappointing for A, so I'll explain why.

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

Prevention

Banks have various and long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. These are predicated on there having been a fraud or scam. So, a first consideration in determining Cater Allen's obligations here would normally be: was A scammed as it alleges?

Cater Allen has signed up to the voluntary Contingent Reimbursement Model (CRM) Code,

which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the CRM Code below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

I've therefore gone on to consider whether the payments A made to the investment fall under the scope of an APP scam as set out above. Having done so, I don't think they do. I'll explain why in more detail.

To determine if A has been the victim of a scam, I have to consider if its intended purpose for the payments was legitimate, whether the intended purposes A and the investment firm were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the firm.

Based on the evidence available to me, it appears A was intending for the funds with the investment firm to be invested in specific building projects around the country. The paperwork it received prior to investing appeared to be professional and detailed, and the firm was listed on Companies House as being incorporated since 2011. So, I see no reason why A would not have thought this was a legitimate investment it was sending its money to.

So, I've gone on to consider whether the investment firm's intended purpose for the payments aligned with what A intended. On balance, I think what I've said above shows the investment firm A made the payments to was a legitimate firm involved in legitimate projects.

The investment firm in question also had other projects ongoing. On balance, I think this shows the investment firm A made the payments to, was a legitimate firm involved in legitimate building projects, and I think it's unlikely a scam firm would have completed three building projects whilst scamming A out of its funds.

Whether or not unregulated investors were used to introduce the investment does not indicate that the firm set out to defraud investors of their funds, with no intention to invest the funds into projects.

On balance, I'm satisfied the investment firm's intended purpose for the funds aligned with A's and nothing I have seen indicates to me that they intended to defraud it. Instead, I think it's more likely this was a failed investment, so I don't think it meets the definition of an APP scam. And I think Cater Allen acted reasonably when it treated the case as a civil dispute.

Having said that, even if Cater Allen had stopped the payments and spoken to someone from A, ultimately, I do not think any intervention would have made a difference or prevented the payments. I say this because when A made the payments, it was led to believe it was investing in a legitimate firm and product. As I've said above, I'm not aware of any information Cater Allen could or should have known at the time from which it ought to have been concerned A was being scammed.

Cater Allen could have given A general fraud and scam advice in relation to investing in particular. But ultimately, I do not think I can fairly say it would have been able to give A any information that would have led it to doubt what it already knew about what it was doing, including if it had undertaken further reasonable research at the time. So, even if someone from A had been questioned in more detail about the investment, I do not think it would have highlighted anything that would have caused concern or led Cater Allen to believe A was at risk of financial harm from a fraud or scam.

So, even if Cater Allen did intervene and tell A to conduct further checks on its investment, I'm not persuaded it would have found any negative information.

A thinks that Cater Allen should refund the money it lost. I understand that this will have been frustrating for it. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Cater Allen needs to pay A any compensation. I realise this means A is out of pocket and I'm really sorry it's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

Recovery

Having considered the options available for recovery of the payments, I haven't found Cater Allen has done anything wrong or acted unfairly when it has directed A to the investment firm involved. As Cater Allen has classed this as a civil dispute, which I haven't found it was incorrect doing so, I'm satisfied there is no other route available to the bank for the recovery of funds.

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 A and A to accept or reject my decision before 24 July 2025.

Tom Wagstaff
Ombudsman