

The complaint

Mr F complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't reimbursed the money he says he's lost to a scam.

What happened

Between October 2019 and June 2021, Mr F invested a total of £148,250 in a property development company which I'll refer to as 'H'. He understood that he would receive interest on his investment at a rate of around 10%, paid monthly. Unfortunately, Mr F doesn't appear to have received all of the monthly interest payments he expected, and H has now gone into administration.

Mr F believes that H has defrauded him. He has asked NatWest to reimburse him, as a victim of an Authorised Push Payment ('APP') scam, under the provisions of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code').

NatWest has declined to reimburse Mr F. It says this matter appears to be a failed investment in a non-regulated company – so it's a civil dispute between Mr F and H, which isn't covered by the CRM Code.

One of our investigators considered Mr F's complaint. They didn't think the available evidence demonstrates that H never intended to act in line with the agreement it made with Mr F. So, they didn't think they could say the disputed payments met the definition of a scam, or that NatWest should have to refund the money Mr F has lost.

Mr F asked for an ombudsman's final decision, so 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the firm to reimburse the customer even though they authorised the payment.

NatWest was a signatory of the CRM Code, and it was in force when the disputed payments were made. The CRM Code requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. But customers are only covered by the CRM Code where they have been the victim of a scam, as defined in the CRM Code.

The relevant definition of a scam from the CRM Code is that the customer transferred funds

to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

The CRM Code also says that it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So, in order to determine whether Mr F has been the victim of a scam as defined in the CRM Code, I need to consider whether the purpose he intended for the disputed payments was legitimate, whether the payment purposes he and H intended were broadly aligned, and then, if they weren't, whether this was the result of dishonest deception on the part of H.

From what I've seen and what Mr F has told us, I'm satisfied he made the disputed payments with the intention of investing in H. He thought his funds would be used to fund projects H was carrying out, and that he would receive returns on his investment. I haven't seen anything to suggest that Mr F didn't believe the investment opportunity with H to be legitimate.

But I'm not satisfied the evidence I've seen suggests that H intended a different purpose for the disputed payments either, or that Mr F's and H's purposes for the disputed payments weren't broadly aligned.

I'm aware of Mr F's belief that H didn't intend for investors to see any returns on their investments. He's said H was set up to extract as much money as possible from unwitting people, and that it disregarded investors' interests. But from what I've seen, H completed three different projects, in three different cities across the United Kingdom. It also worked on a number of other developments, which it sold to developers when it experienced financial difficulties. And I wouldn't expect a company that intended to scam investors to complete these projects, that would have involved a large amount of investment and management. So, I think the completion of these projects strongly suggests that H was attempting to operate as a legitimate business.

Amongst other things, Mr F has referred to false and misleading information in H's documentation, commission paid to third parties, and irregularities and inaccuracies in its accounts. I've carefully considered the arguments he's raised but I'm not persuaded that they evidence anything other than poor business and financial management. And whilst this may suggest that H wasn't acting as I might expect a professional business to act, that is not the same as the intention to operate a scam and I don't think it shows that H never intended to use investors' funds for property development projects.

I've also not seen anything from the administrators of the company which suggests that H was operating a scam, or that the transactions carried out by H and other connected companies were done with any intention other than putting investors' funds towards property development projects. And I haven't been provided with evidence of any external investigation which concludes that H was operating a scam.

Overall, I'm not persuaded that the available evidence indicates H's intended purpose for the disputed payments was different to the purpose Mr F intended. So, I think NatWest has acted reasonably in saying the circumstances here don't meet the definition of a scam as set out in the CRM Code, and in declining to reimburse the money Mr F paid H as a result.

It's possible that new material evidence may become available at a future date, which suggests that H did dishonestly deceive Mr F when taking the disputed payments. If that happens, Mr F can ask NatWest to reconsider his claim and, if he's not satisfied with its response, he can bring a new complaint to our Service.

I've thought about whether NatWest ought reasonably to refund Mr F for any other reason, but I don't think it should. Considering the information that was available at the relevant time, I consider it unlikely that any intervention NatWest could've carried out would've uncovered a fraud risk and potentially prevented Mr F's financial loss.

I'm sorry to disappoint Mr F. I know he has lost a significant amount of money here. But I'm not persuaded that I can fairly ask NatWest to refund him based on the evidence that's currently available.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 August 2025.

Kyley Hanson
Ombudsman