

## **The complaint**

Mrs B complains that National Westminster Bank Public Limited Company (NatWest) won't reimburse the money she lost as a result of a scam.

## **What happened**

Mrs B's representatives have told us she previously approached an investment consultant and invested £200,000 in a property investment scheme with successful results. When that investment business was sold and funds returned to Mrs B another property investment with a business I'll refer to as H was suggested as a replacement. Mrs B says a range of marketing material was presented and she was promised excellent returns at a fixed rate. In its complaint submission to this service, Mrs B's representatives say she made a transfer of £10,000 via her online banking facility in October 2019. NatWest says Mrs B instructed the payment in branch on 29 May 2018.

Mrs B agreed to invest in an 18 month loan note with H that promised returns of 18% over the term. In October 2019 Mrs B agreed to reinvest £10,000 into a new loan note with H over 36 months. On 8 January 2020 Mrs B received £1,800 back from H, representing the 18% interest promised for the first investment. The paperwork supplied by Mrs B's representatives shows she agreed to invest her funds into a new loan note for a minimum of three years on the basis of interest being paid at 12% a year plus bonus entitlement.

H went into administration in January 2022. Another part of H's group of businesses entered compulsory liquidation in January 2023. Mrs B's explained that she lost her investment as a result.

Last year, representatives acting on Mrs B's behalf complained to NatWest and said it had failed to take the necessary steps to protect her from falling victim to a scam. Mrs B's representatives said that NatWest should've intervened when she made the payment and asked for copies of correspondence between her and H. They also said NatWest should've seen the commission H was paying to advisors was high and that there were delays in submitting annual accounts. Mrs B's representatives have also explained she was vulnerable due to her age and circumstances at the time. Mrs B's representatives said that under the provisions made in the Contingent Reimbursement Model Code (CRM) (of which NatWest is a voluntary member) it was required to provide protection from Authorised Push Payment (APP) scams. Mrs B's representatives said NatWest had failed to provide effective warnings. Mrs B's representatives added Mrs B was inexperienced and vulnerable which should've led to additional measures by NatWest to protect her.

Mrs B's representatives asked NatWest to refund the £10,000 payment she'd made to H, pay interest and £1,000 in recognition of the service provided. NatWest issued its final response on 27 August 2024 but didn't agree it had treated Mrs B unfairly. NatWest disagreed that Mrs B had fallen victim to a scam and said she'd lost her funds following a high risk investment with H. NatWest said the CRM code only applied for APP scams, not bad investments. NatWest didn't agree it had made a mistake by approving Mrs B's payment and didn't uphold her complaint.

An investigator at this service looked at Mrs B's complaint and pointed out that because her payment was made in May 2018, before the introduction of the CRM code, it wasn't covered. The investigator considered Mrs B's complaint in line with the rules and regulations that were in place when she made the payment to H on 29 May 2018.

The investigator wasn't persuaded the investment Mrs B made was a scam. The investigator noted H's details weren't recorded by the Financial Conduct Authority or other regulators as being part of a scam. The investigator also noted H was registered on Companies House and was active from 2011 and still trading in May 2018. The investigator said NatWest was required to protect Mrs B against the risk of fraud but not bad investments and didn't uphold her complaint.

Mrs B's representatives asked to appeal and provided a detailed further submission. Amongst other things, they provided professional reports and opinion as well as court documents concerning the actions of H and repeated the view Mrs B was the victim of a scam. Mrs B's representatives provided detailed comment on why they feel NatWest's actions failed to follow the CRM code. They also said Mrs B was retired and on a limited income and that the payment made to H was totally out of character in terms of her usual spending. Mrs B's representatives also provided comment on the various offerings made by H over the years. As Mrs B's representatives asked to appeal, her complaint has been passed to me to make a 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 understand Mrs B's representatives have asked me to respond to each and every point it raised in its submission and response to the investigator's view. But when issuing my decision, I'm going to focus on what I think are the key parts of Mrs B's complaint. My approach is in line with the rules the Financial Ombudsman Service operates under.

I'll start by confirming that the CRM code wasn't in place on 29 May 2018 when Mrs B's £10,000 payment was made. The CRM code was introduced on 28 May 2019, a year after the payment in question was made. The CRM code isn't applied retrospectively, which means its provisions don't cover the payment Mrs B made on 29 May 2018. With that said, I've taken relevant regulations that were in place in May 2018 into account, including the Payment Service Regulations (PSR) and terms and conditions of Mrs B's account, into consideration when considering Mrs B's complaint.

In broad terms, the starting position is that a financial institution like NatWest is expected to process payments and withdrawals that are authorised by the customer, in accordance with PSR and the account terms and conditions. Taking into account the law, regulations, guidance, standards, codes, and industry practice I have referred to above, (including the PAS Code), NatWest should have been on the look-out for unusual transactions or other signs that might indicate that its customer was at risk of fraud. In some circumstances, NatWest will have needed to take additional steps, complete further checks or provide additional warnings before approving a payment.

I've considered whether Mrs B was a victim of a scam or lost out due to an investment that didn't pay off as expected. I note that the evidence supplied by Mrs B's representatives shows the £10,000 payment she made on 29 May 2018 was used to fund an 18 month loan note investment. That promised an 18% return at the end of the term. Mrs B's representatives have told us the returns were too good to be true. But the evidence they've provided shows that in October 2019, at the end of the 18 month term, the investment was

closed. Mrs B then gave instructions for her original £10,000 to be reinvested with H. The £1,800 promised return was then paid into Mrs B's bank account with NatWest in January 2020. It appears the reinvestment Mrs B agreed in October 2019 was where her loss occurred. The original investment Mrs B made as a result of her payment on 29 May 2018 paid interest in line with the agreed terms and conditions so was successful.

In my view, the evidence on file doesn't support the claim Mrs B was a victim of a scam. It's accepted Mrs B wanted to make a payment for investment purposes. And Mrs B's funds were used for that purpose with her successfully receiving returns in line with the original loan note she invested in. At the time of Mrs B's investment H appears to have been operating as a legitimate business and had completed building projects and filed accounts. And, as I've noted above, Mrs B's initial investment was successful which further lends weight to the argument she then lost out due to a high risk investment that failed to pay off rather than a scam.

I've also considered Mrs B's bank statements from NatWest going back to January 2017. I wasn't able to identify any other similar payments made before the 29 May 2018 payment. So I think it's fair to say the payment of £10,000 on 29 May 2018 was unusual for Mrs B. I understand Mrs B's representatives have said the payment was made online but NatWest has supplied systems evidence that shows it was made in branch. NatWest has confirmed that whilst it will have asked some questions about the payment Mrs B wanted to make, no enquiries into H or the investment itself were made.

Even accepting the payment Mrs B made was unusual, I can't fairly tell NatWest to reimburse Mrs B solely on the basis it didn't intervene. I need to consider what is most likely to have happened if NatWest had intervened or asked additional questions at the time the payment was made. I've considered what was known about H at the time Mrs B made the payment rather than information that has since come to light.

In May 2018 H was still an actively trading business that was registered with Companies House. Mrs B's representatives have explained there were later delays and issues with the annual accounts H is expected to file. But the information provided indicates that in May 2018 H's annual accounts were up to date, with the most recent being signed off in October 2017. I also wouldn't have expected NatWest to analyse the promotional literature Mrs B was given by H in detail or provide investment advice.

In addition, I think it's reasonable to note that whilst the payment Mrs B made was unusual in terms of her account history, her representatives have confirmed this wasn't the first time she'd placed funds into a property investment having previously successfully invested £200,000. Even if NatWest had asked Mrs B some additional questions or requested further information, I haven't seen anything that would've identified the 29 May 2018 payment as being at risk of being lost to a scam. It follows that I haven't been persuaded that intervention by NatWest would've led to Mrs B's payment being declined. Nor have I seen information that would've indicated to Mrs B she was investing in a scam.

I'm very sorry to disappoint Mrs B as I understand she's lost a substantial amount of money. But I haven't been persuaded there are grounds to tell NatWest to reimburse her for the funds she lost. As a result, I'm unable to uphold Mrs B's complaint.

### **My final decision**

My decision is that I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 July 2025.

Marco Manente  
**Ombudsman**