

The complaint

Mrs S complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") didn't do enough to protect her when she made a payment towards a property investment opportunity that she now considers was a scam.

In bringing her complaint to this service Mrs S is represented, but for ease of reading I will refer to Mrs S throughout this decision.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

On 16 January 2020, Mrs S made a payment from her NatWest account towards a bond investment, which involved property development with a company I'll refer to as 'H'. Mrs S did not receive the returns she expected, and H entered into liquidation in late 2021. Mrs S now says the investment wasn't genuine and believes she has been the victim of a sophisticated scam.

In May 2024, Mrs S raised the matter with NatWest. NatWest looked into things, but didn't uphold her complaint. In summary, it reviewed it under the Lending Standards Board's Contingent Reimbursement Model ("CRM Code"), but it didn't think the CRM Code was applicable here as it considered what had happened to have been a high-risk investment, rather than a scam.

Unhappy with NatWest's response, Mrs S brought her complaint to this service. One of our Investigators looked into things but didn't think the complaint should be upheld. In summary, based on the evidence, she was unable to say that H had set out to deliberately defraud investors and the payments therefore didn't meet the CRM code's definition of an APP scam.

Mrs S didn't agree with our Investigator's view. In summary she maintained that her complaint should be upheld, explaining why she thought H was operating a scam and a Ponzi scheme.

As agreement couldn't be reached, the complaint has been passed to me for 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.

In her submissions to this service, Mrs S has also raised disputes over payments, she made from her NatWest account, towards another investment, with a company I'll refer to as 'F'. The payments she made towards 'F' are being considered under a separate complaint. My findings here relate solely to the payment Mrs S made to 'H'.

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 heart of the matter 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 know this will come as a disappointment to Mrs S, but I don't think NatWest is responsible for refunding Mrs S the money she lost. I'll explain why.

Is Mrs S entitled to a refund under the CRM Code?

NatWest was a signatory to the CRM Code. This is a scheme through which victims of scams could (in certain circumstances) receive reimbursement from the banks involved. The CRM code doesn't apply to all APP payments which ultimately result in a loss for the customer. It only covers situations where the payment meets its definition of an APP scam. The relevant definition for this case would be that Mrs S transferred funds to another person for what she believed was a legitimate purpose, but which was in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Mrs S has been the victim of a scam in line with this required definition. This means the CRM code doesn't apply to her payment and so NatWest isn't required to reimburse her under it. Our Investigator covered in detail why they considered the payment purpose Mrs S had in mind, and the purpose in which the recipient had matched. I'm in agreement with them that this was the case.

It's accepted Mrs S' purpose for making the payment was to invest in H and for the funds to be used towards property development. And that she was persuaded at the time this was a legitimate venture. I accept that H failed to deliver what was expected from the investment, but I haven't seen any clear evidence this was always what it intended; or that at the time of the payment, it planned to use Mrs S' funds in a different way to what was agreed. I haven't seen persuasive evidence that H's intention was to defraud Mrs S when it took her funds.

In making my judgment on this, I'm conscious H completed three separate developments. It was also working on other projects which it sold on to other developers when it ran into financial difficulty. These actions are indicative of a company operating legitimately.

At the time of the payments, H was a limited company that had been incorporated and operating since 2011. I'm aware H hasn't filed accounts since 2018 and it went into liquidation in 2021. But financial mismanagement isn't enough to show it was not intending to use the funds for development projects. To the contrary, projects were being worked on/completed during the period when H wasn't filing accounts.

Mrs S' representatives argue the high commission paid to unregulated introducers is an indicator of fraud. But I don't think the lack of regulation by the introducers, nor the use of commission, is enough to show H wasn't intending to use the money it received to fund building projects.

I appreciate some investigations are ongoing. But at this point in time, I haven't seen any persuasive evidence from H's liquidator, or any other external bodies, to show H was receiving funds for use in developments it had no intention of completing. Ultimately, the information we currently hold suggests that H was a failed investment venture, not a scam.

All things considered, in the circumstances of this case, I can't agree NatWest was wrong to consider Mrs S' situation a civil matter or is wrong not to have reimbursed her under the CRM code at this time.

This also means I'm unable to ask NatWest to reimburse Mrs S on the basis that she was vulnerable at the time the payment was made. When the CRM Code applies, a customer can be reimbursed if they meet the definition of vulnerable, even when an exception to reimbursement applies. But since the CRM code doesn't apply, I'm afraid that definition doesn't apply either.

I'm sorry to hear of what's happened to Mrs S and I have a great deal of sympathy for her. She has lost a significant amount of money and I don't doubt she has been badly let down by H. But I'm not persuaded this is something that NatWest can fairly be said to be responsible for. And it follows that there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

It's possible that material new evidence may become available at a future date, which suggests that H did take Mrs S' payment using dishonest deception. If that happens, Mrs S can ask NatWest to reconsider her claim and, if not satisfied with its response, bring a new complaint to our service.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 7 October 2025.

Stephen Wise
Ombudsman