

The complaint

Mr H complains that The Royal Bank of Scotland Plc ('RBS') won't refund the money he lost as a result of what he believes was an 'Authorised Push Payment' ('APP') property investment scam.

Mr H brings his complaint with the assistance of a professional representative. But for simplicity I will refer to Mr H throughout this decision, even when referencing what his solicitors have said on his behalf.

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.

In 2020, Mr H was made aware of an investment opportunity via a client of his wife's. This was with a company I'll refer to as 'HS'. Mr H has said he had a meeting with the 'introducer' at his home. At this point, he was told how the investment works, and his initial capital would be returned to him along with interest paid after a year. The investment related to an initial 1-year bond, with guaranteed annual returns of 15%.

Believing this to be a good opportunity, in May 2020, Mr H made a payment to HS, for £15,000, from the account he held with RBS.

Mr H says he was told his investment had matured after one year and he was encouraged to 'roll over' his capital and interest payments into a longer-term bond. Mr H agreed to this and made a further payment of £2,750 in May 2021 towards the revised bond – which was a three-year bond.

Mr H says he didn't receive any return on his investment and HS then went into liquidation in late 2021. Mr H believes he's been the victim of an investment scam and that HS had set out to defraud him.

He raised a scam claim with RBS which said that it considered that what had happened was a civil dispute between Mr H and HS, so it did not agree to refund any of his loss. Mr H disagreed, as a result, he referred the complaint to our service.

One of our Investigator's looked into the complaint. They considered the payments Mr H made to HS under the Lending Standards Board's Contingent Reimbursement Model ("CRM Code"). Having done so, based on the evidence, they were unable to say that HS had set out to deliberately defraud investors and the payments therefore didn't meet the CRM Code's definition of an APP scam.

Mr H disagreed with the Investigator's findings. As an informal agreement could not be reached the complaint has been passed to me for a final 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.

Mr H has made some detailed submissions in support of his complaint. I've read and considered everything he has sent in, but I don't intend to respond in similar detail. 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'm aware that in his submissions, Mr H has referred to other decisions issued by our service. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked at the individual circumstances of Mr H's complaint.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

Having considered all the evidence available, I don't uphold this complaint for materially the same reasons as our Investigator. I'll now explain why.

Is Mr H entitled to a refund under the CRM Code?

RBS 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 Mr H transferred funds to another person for what he believed was a legitimate purpose, but which was in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Mr H has been the victim of a scam in line with this required definition. This means the CRM Code doesn't apply to his payments and so RBS isn't required to reimburse him under it. Our Investigator covered in detail why they considered the payment purpose Mr H 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 Mr H's purpose for making the payments were to invest in HS and for the funds to be used towards property development. And that he was persuaded at the time this was a legitimate venture. I accept that HS 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 Mr H's funds in a different way to what was agreed. I haven't seen persuasive evidence that HS's intention was to defraud Mr H when it took his funds.

In making my judgment on this, I'm conscious HS 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, HS was a limited company that had been incorporated and operating since 2011. I'm aware HS 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 HS wasn't filing accounts.

Mr H argues the high incentives 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 HS 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 HS's liquidator, or any other external bodies, to show HS was receiving funds for use in developments it had no intention of completing. Ultimately, the information we currently hold suggests that HS was a failed investment venture, not a scam.

Based on what I've seen and been told, the information provided doesn't evidence HS had fraudulent intent when it took Mr H's funds, as required under the definitions within the CRM Code. So, I can't agree RBS was wrong to consider Mr H's situation a civil matter or is wrong not to have reimbursed him under the CRM Code at this time.

It is possible that further evidence may come to light at a later date, which may indicate HS was operating a scam. Should such evidence come to light, then Mr H can complain to RBS again, and refer the matter to this office, should he not be happy with the outcome.

Mr H has also suggested that RBS should have intervened in the payments he was making, and that it would have been able to prevent his loss if it had done so. But given that I am satisfied HS was not operating as a scam, I cannot fairly say RBS would have been able to identify any issues with HS or prevent Mr H from making payments to it.

I'm really sorry to disappoint Mr H, as I know he has lost a significant amount of money, and I have a great deal of sympathy for him, and I don't doubt he has been badly let down by HS. But I'm not satisfied that I can fairly ask RBS to refund him under the provisions of the CRM Code, based on the evidence that is currently available. And it follows that there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

Overall, I don't consider Mr H's loss is the result of any failings by RBS.

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 Mr H to accept or reject my decision before 8 October 2025.

Staci Rowland
Ombudsman