

The complaint

Mr G, who is represented, complains that National Westminster Bank PLC ('NatWest') wouldn't reimburse him money he lost from fraud.

What happened

As the circumstances of this complaint are well known to both parties, I have summarised them briefly below.

In April 2019, Mr G discovered an investment opportunity offering high returns on loan notes to a business I will refer to as H. Happy with the investment, Mr G made two payments from his NatWest account totalling £20,000 to H.

Mr G didn't receive any of the returns promised. And when H then entered into liquidation, he concluded he'd been the victim of an investment fraud.

Mr G's representative complained to NatWest, highlighting that it ought to have done more to protect him at the time he made the payments. But NatWest responded concluding that it wasn't liable for the loss. In summary, it found that the payments made were toward a legitimate investment and therefore not an instance of fraud.

Mr G, unhappy with that response, referred the matter to our service for an independent review. But after investigating the complaint, our Investigator concluded that the matter was civil. They agreed that the evidence supported the assertion that this was likely a legitimate investment that had unfortunately failed.

Mr G's representative disagreed; therefore, the matter has now 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.

Considerations

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

Mr G's representative has said, in their response to our Investigator's view, that our service has incorrectly applied the principles of the Contingent Reimbursement Model (the CRM Code). However, the CRM Code only came into effect in May 2019: a month after Mr G made the payments subject to this dispute. This wasn't being applied retrospectively, so doesn't apply to Mr G's transactions.

There is no dispute here that Mr G authorised the transactions in question. And the starting

position in law is that Mr G will be held liable for transactions he authorised in the first instance. That is due to NatWest's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, taking into account the above, NatWest ought reasonably to have been on the lookout for any transactions that would indicate Mr G was at risk of financial harm. And where it identifies a risk, it ought reasonably to intervene and provide warnings.

Here, NatWest has argued that the matter is a civil dispute—between Mr G and H—as this appears to have been a legitimate investment that had failed. But Mr G's representative doesn't agree with that assessment. So, I must first decide on the balance of probabilities, whether I believe this is likely a fraud or not based on the evidence available.

Has Mr G been the victim of fraud?

Having considered the evidence carefully, I'm not persuaded Mr G has been the victim of fraud. In summary, my reasons for reaching that decision are as follows:

- There is currently no persuasive evidence that has been provided that supports the assertion H, or its representatives, acted outside the agreements made with investors or misrepresented itself.
- Evidence shows that H completed three separate development projects. It also had other ongoing projects that it sold on to other developers after it came into financial difficulty. This would strongly suggest H was operating as a legitimate business.
- After entering insolvency, a Liquidator was appointed to wind the company up. There has been no evidence, nor suggestion by that Liquidator, that H was operating as a Ponzi scheme—as asserted by Mr G's representative.

Mr G's representative has provided a significant amount of additional paperwork from several sources that it says evidence H was operating a fraud. But as our service has explained to it on a number of cases already, while the information provided does indicate there may have been some poor business practices and/or financial management in some areas of H, this isn't enough to say it was operating a fraud. We haven't seen evidence that Mr G's funds weren't used for the intended purpose or that H took them with fraudulent intent.

Ultimately, the information we currently hold suggests that H was a failed investment venture, not a fraud. The information provided doesn't evidence H had fraudulent intent when it took Mr G's funds. So I can't agree NatWest was wrong to consider Mr G's situation a civil matter.

I do sympathise with the situation Mr G finds himself in. It's clear that he has lost a significant sum of money to this investment. But I'm not satisfied that NatWest should be held liable for that loss here. Even were I to have found that it ought to have done more to seek further clarification as to the purpose of the payments and provide warnings, I can't reasonably hold NatWest liable for a payment that was made for a seemingly legitimate investment that has failed.

In short, I don't think that NatWest could have prevented his loss, so I don't find NatWest liable in any way.

My final decision

For the reasons I have set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 October 2025.

Stephen Westlake
Ombudsman