

The complaint

Mr T complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't refunded the money he lost after making an authorised push payment ('APP') on two occasions in 2019.

Mr T referred his complaint to this service with the help of a professional representative. However, for ease of reading, I've only referred to Mr T throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

On 14 March 2019, Mr T sent £20,000 from his NatWest account to an investment opportunity, which I'll refer to as 'H'. Mr T was expecting a return of his capital, plus interest. However, in January 2022, H entered administration and as a result, Mr T hasn't received all his money back and now believes that H was a scam.

On 2 April 2019, Mr T sent £10,000 from his NatWest account to a different investment opportunity, which I'll refer to as 'V'. Mr T subsequently sent further funds to V in June and October 2019. Unfortunately, V was a clone of a genuine firm and Mr T's money was stolen.

In October 2019, Mr T reported V to NatWest and asked for a refund. NatWest agreed to refund the payments Mr T made to V in June and October 2019. NatWest explained that the refund was made in line with the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code'), which was introduced in May 2019. However, as the CRM Code didn't apply retrospectively, it wasn't a relevant consideration when NatWest considered if it was responsible for Mr T's payment to V in April 2019. NatWest didn't think it was responsible for the loss caused by Mr T's £10,000 payment to V in April 2019 and so it declined to provide Mr T with a refund for that payment.

In April 2024, Mr T made a complaint to NatWest and requested a refund of the outstanding loss he'd suffered as result of the payments he'd made to H and V. NatWest didn't think H was an APP scam, which meant it wasn't responsible for refunding Mr T's £20,000 payment. NatWest also didn't think it had made any errors when Mr T sent £10,000 to V, meaning it wasn't responsible for that loss either.

Unhappy with NatWest's response, Mr T referred his complaint to this service in October 2024. Our Investigator considered the complaint but didn't uphold it. In summary they said that they weren't persuaded H was an APP scam, and so NatWest couldn't fairly be held liable for the loss suffered by Mr T from that payment. They also didn't think the payment to V was so unusual that NatWest ought to have intervened when the payment was made, so NatWest couldn't reasonably have been expected to have prevented the loss from occurring, nor could NatWest have done anything to recover Mr T's funds from V's bank.

Mr T didn't agree with our Investigator. He believed that NatWest should've asked appropriate questions when both payments were made and if that had happened, his losses could've been prevented. As an agreement couldn't be reached, 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.

Mr T 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.

Mr T's £20,000 payment to H

Firms, like NatWest, aren't responsible for every APP which ultimately resulted in a loss for the customer. For me to consider whether NatWest ought to have reimbursed Mr T, I need to be satisfied that Mr T's circumstances meet the Financial Conduct Authority ('FCA') definition of an APP scam. The relevant definition in this case is that Mr T transferred funds to H for what he believed was a legitimate purpose, but which was in fact fraudulent.

The purpose of a payment forms part of the FCA's definition of an APP scam. As such, the reason Mr T sent funds to H is a relevant consideration when investigating whether the relevant definition applies in these circumstances or not. For me to say the definition has been met in this case, I need convincing evidence to demonstrate Mr T was dishonestly deceived about the very purpose of the payment he made – i.e., that it was criminally obtained.

Mr T hasn't provided evidence of his investment with H. However, he says he understood H was involved in the property development industry and that the money he sent to H would be used towards the purchase of a specific piece of land for property development. He doesn't believe his funds were used for that purpose. However, the relevant test here isn't whether Mr T's funds *were* used for that purpose. To uphold Mr T's complaint, I'd need to be satisfied that H had no intention of using the funds for that purpose when the payment was made.

In their opinion on Mr T's complaint, our Investigator covered in detail why they thought H was operating a genuine business at the time Mr T sent his funds. I won't cover these reasons in detail again, but I think it's important to recognise that H had started (and in some cases completed) several construction projects, in line with what it was telling investors, which gives the impression that it was operating a genuine business.

I accept it's possible that H was carrying out some property development to give the impression it was a genuine business, whilst simultaneously stealing money from investors. But the size and scale of the completed projects makes this unlikely. And it's also possible that H was operating a genuine business which became unsustainable, leading to it entering administration in January 2022.

Mr T has made several allegations about H's conduct before and after he made his investment, which he believes demonstrate H was operating an APP scam, rather than a genuine business, at the time he sent the funds. However, those allegations don't convince me that it's more likely than not that H wasn't intending to use Mr T's funds as part of a property investment scheme. In my opinion, it's equally likely, if not more likely, that H was a failed investment as NatWest has argued.

I accept that some of the allegations, if true, suggest H was operating with some poor business practices and/or financial mismanagement, and that Mr T may have been misled about H's financial situation at the time he invested. But this isn't sufficient to say H didn't intend to use Mr T's funds for property development, or that Mr T was dishonestly deceived about the very purpose of the payment he made. As a result, I'm not persuaded it was unfair for NatWest to treat the situation as a civil dispute between Mr T and H, or that it should've reimbursed Mr T's loss. To my mind, Mr T hasn't demonstrated that H most likely had a different purpose intended for his funds.

I appreciate H failed to deliver what was expected from Mr T's investment, resulting in a significant loss to him. However, I haven't seen any clear evidence this was always what H intended; or that at the time of the payment, it planned to use Mr T's funds in a different way to what was agreed. I haven't seen persuasive evidence that H's intention was to defraud Mr T when it took his funds.

In response to our Investigator's opinion, Mr T appeared to accept that there wasn't currently sufficient evidence available to demonstrate his payment to H meets the FCA definition of an APP scam. Instead, he argued that the payment demonstrated a risk of financial harm and NatWest ought to have asked questions about the purpose, which would've resulted in several red flags being identified, which would've prevented the payment being made.

NatWest's electronic records indicate that Mr T's payment to H was flagged as suspicious, which required Mr T to speak to NatWest before the payment was released. Unfortunately, given the time that has passed, NatWest hasn't been able to provide a copy of the call recording between it and Mr T. The electronic records also don't go into detail about what was discussed, only that Mr T confirmed the payment was being made for a genuine purpose. So, I don't know what questions were asked or if NatWest gave Mr T any warnings that were relevant to his circumstances. This means I can't be satisfied that NatWest met its expectations at the time.

However, for me to say that NatWest should fairly be held responsible for reimbursing Mr T's loss as a result of (potentially) not meeting its expectations, I'd still need to be persuaded the payment was made as part of an APP scam. And, as I've explained above, I'm not persuaded Mr T has demonstrated this is more likely than not in the circumstances. As a result, I'm not persuaded NatWest can be held responsible for Mr T's loss, which I think was most likely caused by a civil dispute between him and H.

I recognise that the circumstances might change in the future. Material new evidence may become available to Mr T. In those circumstances Mr T may renew his complaint and ask NatWest to reconsider it.

Mr T's £10,000 payment to V

I'm satisfied that Mr T's payment to V was most likely an APP scam – and I note NatWest has already refunded some payments Mr T made to V under the principles of the CRM Code. However, the CRM Code was introduced after Mr T's April 2019 payment to V and the CRM Code didn't apply retrospectively. This means it's not a relevant consideration in this complaint and NatWest can't be expected to reimburse the April 2019 payment to V under the principles of the CRM Code. So, I've considered whether NatWest reasonably ought to have been expected to have prevented the loss from the initial £10,000 payment to V.

Mr T has argued that the £10,000 payment to V was suspicious, and, in the circumstances, NatWest ought to have been concerned that he was at risk of financial harm from fraud, to the extent that it ought to have intervened to question him about the payment, before it was released. As Mr T was dealing with a clone of a genuine business, he thinks NatWest would've been able to identify he was communicating with a scammer and stopped him from making the payment.

I accept it's possible that NatWest might have been able to persuade Mr T not to go ahead with the payment if it had spoken to him. So, I can understand why he thinks NatWest should refund him. However, I'm not persuaded NatWest reasonably ought to have been concerned by the payment or that it should've spoken to him before releasing the funds. So, I don't think NatWest can fairly be held responsible for the loss caused by this payment. I'll explain why.

In the 12-month period prior to this payment, Mr T made many faster payments from his NatWest account, including payments to new payees (as was the case with this disputed payment). Five of those payments were for amounts that significantly exceeded the value of the payment Mr T was sending to V. So, whilst I appreciate the payment to V was large in value, it wasn't unusual or suspicious for Mr T to be sending a large amount of money via faster payment.

The payment was funded by an internal transfer from another of Mr T's accounts with NatWest and a credit from a third party, both of which transactions took place within a week of Mr T making the payment to V. This behaviour matched Mr T's previous account activity, whereby he would receive or deposit large amounts of money into the account to fund large faster payments out. He'd been doing this regularly since December 2018 and so there wasn't a significant change in how Mr T was using his account.

I'm also mindful that once the £10,000 payment had debited his account, Mr T still had a balance of over £2,200. So, the disputed payment didn't drain his balance or leave Mr T with significantly less funds than he would typically keep in the account.

Overall, I'm not persuaded Mr T's payment was so out of character or suspicious that NatWest reasonably ought to have been concerned that he was at risk of financial harm from fraud. In the circumstances, I'm not of the opinion that it would be reasonable to have expected NatWest to have questioned him about the purpose of the payment and so I don't agree with Mr T that NatWest can fairly be held responsible for the loss.

Once it was made aware that the payment had been made as a result of an APP scam, NatWest did attempt to recover the funds from the receiving firm (V's bank). Unfortunately, as the fraud report was made six months after the payment, the receiving firm confirmed that no funds remained to be returned to Mr T.

I appreciate Mr T has lost a significant amount of money to the scam with V. However, for the reasons explained above, I don't think NatWest could've reasonably been expected to have prevented the loss or done anything differently to recover Mr T's funds from the receiving firm. As a result, I can't ask NatWest to reimburse Mr T.

My final decision

For the reasons explained 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 T to accept or reject my decision before 15 October 2025.

Liam Davies
Ombudsman