

The complaint

Mr N complains that The Royal Bank of Scotland Plc (RBS) has not refunded the money he lost to what he believes was a scam.

Mr N is represented in this complaint by a solicitor, but for simplicity I have referred to Mr N throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

In around 2017 Mr N's wife – Ms K – met an individual I will call L, over the next few years she developed a friendship with L. Ms K and L spent time together in person and spoke regularly, sharing details of personal challenges they were each experiencing. Ms K says that L became aware of an inheritance that had been left to Mr N, and that around this time L began to speak about financial challenges she was facing.

In around September 2021, after L said that she was due to be evicted, Ms K suggested that she invest in L's business – a limited company which I will call D. Ms K was subsequently made a director of D. As a result of her relationship with L, Ms K encouraged Mr N – and their son – to take part in coaching sessions with L, and Mr N made several payments for those coaching sessions from his sole account, which are the subject of this complaint.

When the relationship between Ms K and L broke down, Mr N and his son stopped their coaching sessions with L, before finishing the full course that had been paid for. Ms K and Mr N now believe that L deliberately manipulated he and Ms K, and their son, in order to extract money from them, so he has asked RBS to refund his loss as he believes he has been the victim of a scam.

RBS looked into what had happened, but did not feel it was liable for any of Ms K and Mr N's loss. It said this was a civil dispute between Ms K, Mr N and L.

Unhappy with RBS' response, Mr N brought a complaint to this service and one of our investigators looked into things. But having thought carefully about the evidence available, they thought that this was most likely a civil dispute between the parties involved, meaning that Mr N would not be entitled to a refund of the loss.

Mr N disagreed with the Investigator's findings. So, as no agreement could be reached, this complaint has been passed to me for review.

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.

Having done so and having thought very carefully about all the evidence provided, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for

Mr N but, whilst I'm sorry to hear of what's happened, and appreciate the significant impact this has had on him, I don't think I can fairly hold RBS liable for his loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I understand that Mr N feel he has been the victim of fraud, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than fraud or a scam) for a dispute to exist between two parties.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which RBS has signed up to and which was in force at the time the relevant payments was made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether RBS therefore ought to reimburse Mr N under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

“...a transfer of funds...where (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or (ii) The customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”

The CRM Code is also quite explicit that it doesn't apply to all push payments. It says:

“DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including RBS) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Mr N has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that L (or D) set out with an intent to defraud Mr N.

I say this for the following reasons:

- D appears to have been a legitimate business, which had been operating for several years, and which was registered on Companies House. And Ms K was a registered

director of D during the period when many of the payments were made to D.

- Ms K knew L very well, having been friends with her for many years.
- It is clear that Mr N did attend some coaching sessions with L, and that he was happy with at least some of the service he received here, so it is difficult to argue that these payments were not made for any legitimate purpose.
- The records of Mr N's correspondence with L show that he stopped his coaching sessions due to the conflict between Ms K and L.

All of this leads me to consider that D was more than likely operating as a legitimate business in its dealings with Mr N. I acknowledge that Mr N ultimately did not receive all of the coaching sessions he appears to have paid for, but there are many reasons, other than fraud, for why this may have happened. A business, and its agents, may act unprofessionally but still be carrying out legitimate business, it may get into financial trouble and be unable to meet its obligations, or personal circumstances may mean that the full services paid for can't be provided. And this service isn't in a position to forensically analyse D or L's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that L (or D) set out to defraud Mr N.

I know this will be a huge disappointment to Mr N. I appreciate how strongly he feels about this case, and that he has lost a significant amount of money here. But, for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold RBS responsible for the money Mr N has lost.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 June 2025.

Sophie Mitchell
Ombudsman