

The complaint

Mr I and Mrs K complain about National Westminster Bank Public Limited Company (NatWest).

They say that Mrs K fell victim to a scam and would like NatWest to refund them the money they have lost.

What happened

Mrs K paid £350 to an insurance broker to arrange car insurance for her, however while the policy was set up, it was later cancelled.

Mrs K says that the broker was a 'ghost broker' and deliberately took her money while providing incorrect information to the insurance company Mrs K's policy was set up with in order to procure a cheaper policy which would ultimately be invalid.

Mr I and Mrs K made a complaint to NatWest about what happened, but it wasn't upheld. However, NatWest did pay £200 compensation for the service provided to Mr I and Mrs K.

Mr I and Mrs K then brought their complaint to this Service. Our Investigator looked into things under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code but said that there wasn't enough evidence to say that Mrs K had been the victim of a scam – and so the CRM Code didn't apply. They also said that the £200 NatWest paid to Mr I and Mrs K was fair compensation for the service provided by NatWest.

Mr I and Mrs K asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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, I have decided not to uphold this complaint. I know this will be disappointing for Mrs K, and I am very sorry for the situation she finds herself in and fully understand that she would want to attempt to recover the money that has been lost. But I need to decide whether NatWest can fairly and reasonably be held responsible for this.

It isn't in dispute that Mrs K authorised the payment to the broker. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transactions. But Mrs K says that she has been the victim of an authorised push payment (APP) scam.

NatWest has signed up to the voluntary CRM Code, which provides additional protection to scam victims, I have considered this payment Mrs K made in line with the Code.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who

is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the CRM Code below:

... a transfer of funds executed across Faster Payments...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 explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"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."

I've therefore considered whether the payment Mrs K made falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why.

From the information I have been provided, it appears that the broker Mrs K engaged did set up a car insurance policy on behalf of Mrs K – so it looks like they intended to provide the service Mrs K requested of them, rather than setting out to defraud Mrs K from the beginning.

While I understand that this policy was later cancelled by the insurer after it had asked Mrs K to provide supporting information for her policy, I am unable to say that this was a deliberate act on the behalf of the broker to defraud her. I say this because Mrs K hasn't been able to provide details of the conversation that took place with the broker, so I can't say that the information the broker used to set up the policy was different to what was agreed.

So, while I acknowledge that it appears there was a discrepancy in some of the information used to set up the policy, I am afraid I don't have enough to say for certain that this meets the high legal threshold and burden of proof for fraud.

I understand that NatWest did try and recover Mr I and Mrs K's funds but wasn't successful, however, I don't think that there was anything else NatWest could have done here.

Finally, while I understand that Mrs K is upset by the customer service provided to her by NatWest while trying to sort out the issue, I am satisfied that the £200 it has already paid is fair and reasonable compensation for the poor service she received.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I and Mrs K to accept or reject my decision before 18 September 2025.

Claire Pugh
Ombudsman