

## **The complaint**

Mr C complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't refunded the money he believes he lost as the result of an authorised push payment ('APP') scam.

## **What happened**

In July 2019, Mr C made three £20,000 payments, as part of a £60,000 investment with a company – which I'll refer to as 'Company L'. Mr C hasn't received any profits from Company L or a return of his investment capital. In May 2022, Company L was dissolved via compulsory strike-off.

In January 2024, with the help of his professional representative, Mr C raised a complaint about NatWest's failure to prevent him sending £60,000 to Company L, which Mr C said was "*widely accepted to have been a scam*". Mr C asked NatWest for a full refund of the money he'd lost, plus interest and £1,000 compensation.

NatWest didn't think it had done anything wrong. It said that it was required to make Mr C's payments in accordance with his instructions. Furthermore, NatWest said that, at the time the payments were made, Company L was an active company and wasn't dissolved until around three years after Mr C's payments.

NatWest said the situation was a civil dispute between Mr C and Company L and not an APP scam, meaning NatWest wasn't responsible for reimbursing Mr C's loss. As a result, NatWest didn't uphold Mr C's complaint.

Unhappy with NatWest's response, Mr C referred his complaint to this service. Our Investigator didn't uphold the complaint. They said there wasn't sufficient evidence to demonstrate that Company L had scammed Mr C, so our Investigator didn't think it was wrong for NatWest to determine that the situation was a civil dispute between Mr C and Company L.

Mr C didn't agree. He said he had sent £60,000 to Company L for an investment, but there was no evidence to indicate his funds had been used for that purpose. Mr C said he doubted that Company L was trading and thinks it was created to receive investors' funds with no intention to invest these or return the funds to investors.

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.

At the time Mr C made the disputed payments, NatWest was signed up to the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code'). The CRM Code provides additional protection from APP scams, but only in certain circumstances.

When NatWest received Mr C's scam claim, it didn't agree that he'd been the victim of an APP scam and declined to refund his payments. For me to say that decision was wrong – and NatWest should've refunded Mr C's payments in full – I first need to be satisfied that the CRM Code is a relevant consideration in the circumstances.

The CRM Code can only apply where the victim's payment meets the CRM Code's definition of an APP scam.

Under DS1(2)(a) of the CRM Code, an APP scam is defined as:

*“(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.”*

DS2(2)(b) of the CRM Code says it doesn't apply to:

*“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”*

There's been no suggestion made that Mr C was deceived into transferring his funds to a different person. So, DS1(2)(a)(i) doesn't apply in these circumstances.

To uphold Mr C's complaint under DS1(2)(a)(ii) of the CRM Code, I'd need to be reasonably satisfied that it is *more likely than not* that Company L received his payments for a fraudulent purpose. So, I've carefully considered whether the evidence suggests that Company L received Mr C's funds for a fraudulent purpose and whether his payments meet the CRM Code definition of an APP scam.

The purpose of a payment forms part of the CRM Code definition of an APP scam. As such, the reason Mr C made the payments is a relevant consideration when determining whether the CRM Code applies in these circumstances or not. For me to say the CRM Code applies in this case, I need convincing evidence to demonstrate Mr C was dishonestly deceived about the very purpose of the payments he made.

Mr C has provided very little information about why he sent £60,000 to Company L, other than that it was recommended by his nephew, he thought he was purchasing company stocks and was expecting a return on his investment of 2%, which was due to be paid quarterly.

Mr C hasn't received his investment capital back, nor has he received any returns from Company L. He's also provided evidence to show that one of Company L's directors was convicted for theft after stealing almost £250,000 from a family member. So, I can understand why he thinks he's been the victim of an APP scam. However, I'm not persuaded the evidence provided is sufficient to meet the CRM Code definition of an APP scam.

Firstly, the director of Company L that was convicted of theft wasn't appointed as a director of Company L until March 2021 – 20 months after Mr C's payments were made. Furthermore, the circumstances in which they were convicted are very different to an APP scam, in that they misused their Power of Attorney for a family member and used funds for personal expenses. There's no suggestion that they received funds from third parties for a fraudulent purpose through dishonest deception. So, whilst this clearly demonstrates unlawful conduct of a director who assumed control of Company L in March 2021, it doesn't evidence that Company L dishonestly deceived Mr C into parting with his money in July 2019.

Mr C hasn't been able to provide any evidence of his investment with Company L, aside from that payments were made in July 2019 totalling £60,000. There's no written correspondence; no contract; and he's been unable to provide an explanation as to what he was expecting Company L to do with his funds.

I've reviewed Company L's bank statements for the account Mr C paid, and I can see that his funds were transferred to another account in Company L's name, with a small amount of funds being sent to the account of another company operated by Company L's director.

Shortly afterwards, Company L made a large investment with another company – which I'll refer to as 'Company Q', which resulted in a legal dispute between Company L and Company Q. The evidence suggests that Company Q eventually returned around 71% of Company L's investment capital, which was subsequently invested in a different opportunity.

It's unclear if Mr C's funds were used to fund Company L's investment with Company Q, but it suggests that Company L was using investors' funds for investment purposes, or at least attempting to, which contradicts Mr C's allegations that Company L had no intention of using his funds for investment purposes.

It's unclear why Mr C waited until January 2024 to raise a complaint with NatWest about Company L, when he hadn't received any of the returns that were due to start being paid around October 2019, and Company L had been dissolved for almost two years. There's insufficient evidence showing what his funds were used for or what he thought Company L was going to use his funds for. But from the evidence I've seen, there's very little evidence to suggest that his funds have been misappropriated in some way.

I've reviewed the limited information that is available about Company L from Companies House. Unfortunately, it doesn't reveal much about the way Company L was acting, but there's no convincing evidence to suggest it was behaving illegitimately or that it was operating an APP scam.

I appreciate that Mr C has lost a significant sum of money and that the funds he lost were intended to be used for his retirement. I accept the possibility that Company L dishonestly deceived him into transferring his money, but without any information to confirm his understanding of the investment or how it would work, I'm not persuaded that there is convincing evidence to demonstrate Company L didn't intend to use his funds for investment purposes or that Company L received Mr C's funds for a fraudulent purpose.

I accept that Mr C hasn't received his money back and didn't get the quarterly returns he says he was promised. However, I'm mindful that all investments are subject to an element of risk and that not all investments are successful. The evidence I've seen suggests that Mr C invested in a company that ultimately made some poor investment decisions, which weren't successful, subsequently resulting in the dissolution of the company in March 2022.

Whilst Mr C feels very strongly that Company L has scammed him, I'm not persuaded that he has demonstrated that Company L had intentions differing to his own, for the money he invested. As a result, I can't say that the CRM Code definition of an APP scam has been evidenced here. I'm satisfied therefore that NatWest wasn't incorrect to treat the matter as a civil dispute between Mr C and Company L and I don't think NatWest can be fairly held responsible for Mr C's losses in the circumstances.

### **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 C to accept or reject my decision before 11 June 2025.

Liam Davies  
**Ombudsman**