

The complaint

Mr B, who is represented, complains that National Westminster Bank PLC won'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 March 2021, Mr B was introduced to an investment opportunity buying shares in a business I will refer to as N. Mr B decided to invest and on 3 March 2021, he made a payment of £10,000 from his NatWest account to N.

In August 2021, N entered into administration and was wound up. This led Mr B to believe he'd been the victim of fraud and so he reported the matter to NatWest.

After considering his claim, NatWest concluded that it didn't think Mr B had been the victim of fraud. Therefore, it didn't agree it was liable for his loss and declined the claim.

Mr B, unhappy with NatWest's response, referred his complaint to our service for an independent review.

An Investigator considered the evidence provided by both parties but agreed with NatWest's position that the matter was a civil dispute rather than a fraud. They therefore didn't recommend NatWest reimburse him his loss.

Mr B disagreed. So his complaint 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.

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.

All parties agree that Mr B made the payment in dispute. So, in accordance with the Payment Services Regulations 2017 he is presumed liable for the loss in the first instance.

However, NatWest was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payment was made. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM Code is only relevant if I'm persuaded Mr B did fall victim to a fraud. The Code specifically doesn't cover certain types of disputes. It says:

“This Code does not 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”.

Likewise, even had the payments not fallen within the scope of the CRM Code, NatWest has no liability to reimburse Mr B his loss from a bank transfer which results in a legitimate dispute between the payer and payee.

From the information provided so far by Mr B, I'm not persuaded he has been a victim of fraud. I'll explain why.

Mr B hasn't provided our service with an explanation as to why he feels he's been a victim of fraud here. He has provided no evidence of a dishonest deception by N, nor has he provided any evidence in support of N not being a legitimate company.

The information Mr B has provided is an email from an intermediary confirming he'd paid £10,000—and that his share certificates would be issued in due course, a survey that was sent to him by the FCA and a letter from an Administrator informing him that they'd been appointed to manage the affairs, business and property of N.

This evidence shows that Mr B did indeed buy shares in N, and that it went into administration 5 months later. I am unsure why N was liquidated, but there has been no indication from the evidence I have seen that N was defrauding its investors or that it wasn't operating legitimately.

I have also carried out research via open source and can find no adverse information regarding N. Nor have I seen any evidence of a criminal investigation against it.

Overall, there is no persuasive evidence that Mr B has been the victim of a fraud here. The evidence suggests that it's likely Mr B has invested in a company that has subsequently failed. And so his investment failed, causing a loss. Such circumstances wouldn't be covered by the CRM Code, and it would be unreasonable to expect NatWest to reimburse such a loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 July 2025.

Stephen Westlake
Ombudsman