

The complaint

Mr N complains that The Royal bank of Scotland plc (RBS) hasn't refunded him after he fell victim to a scam.

What happened

Mr N heard about an investment opportunity with a party I'll refer to as Company B. The premise of the investment was for Mr N to send funds to Company B which would be used to buy vehicles. Those vehicles would then be leased to Company B's customers, with those fees generating a return on investment for Mr N.

Mr N was promised he'd have a registered charge over vehicles bought with his money.

He decided to go ahead and sent funds from his RBS account, along with money sent from accounts held elsewhere. This was in August 2019 and Mr N received returns as expected until January 2021. But they then stopped, and Company B went out of business shortly after.

On Company B's collapse, details began to emerge which suggested it might have been operating a scam. Mr N contacted RBS asking that it refund his lost money. But it declined to do so.

RBS looked at Mr N's circumstances but felt he'd invested with a legitimate but now failed company, rather than it being the case of him having been scammed. And so it said it wasn't responsible for reimbursing his loss.

Mr N was unhappy with RBS' response and complained to our service. One of our investigators considered what had happened but didn't recommend the complaint be upheld. She felt RBS had fairly concluded Mr B hadn't been the victim of a scam.

Mr N disagreed and so the complaint has been passed to me for a final decision.

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'm not upholding it. I'll explain why. In doing so, I may not comment on every point and argument raised by either Mr N or RBS. I have considered all that's been presented by both parties, but my findings focus on what I consider to be the elements most important to the outcome of the complaint.

Mr N authorised the payments made toward Company B and so the starting position, as per the Payment Service Regulations (2017) and his account terms and conditions, is that he is responsible for them.

But where a customer like Mr N makes a payment toward a scam it might be fair and reasonable to say the account provider ought to reimburse them. Of relevance here is that RBS was a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, in place to see the victims of scams reimbursed in most circumstances.

But any reimbursement, whether under the Code or in consideration of other industry guidance and best practice, would be reliant on finding that the customer had been the victim of a scam. Reimbursement would not be due where the evidence shows that the customer instead has a civil dispute with the party they paid. Such a civil dispute would include scenarios where agreements were not fulfilled, or where investments collapsed, as a result of a firm failing and going into administration.

RBS and our investigator concluded that Mr N's circumstances didn't meet the definition of an APP scam, instead finding there was insufficient evidence of Company B's intent to scam him. I'm in agreement with those findings.

It's clear that Mr N's intention for his money was for it to be invested in the purchasing of vehicles and that these vehicles would generate returns on investment. He believed this to be an entirely legitimate investment opportunity.

What I've not seen sufficient evidence of is that Company B's intentions were significantly different from Mr N's or that its goal was, in fact, to defraud him.

Mr N received the returns he was expecting for many months after investing. It was only when Company B collapsed, or shortly before it, that the payments stopped. So the investment was functioning as expected up until that point.

An important element of Mr N's investment was security being provided by way of a charge over specific vehicles. It's evident these charges were actioned and registered with Companies House. Their registration is still visible and active on the Companies House website. And the charge is supported by the paperwork and correspondence Mr N received at the time and has since provided to this service. This evidences Company B intended to – and ultimately did – provide the security and the returns promised.

Mr N argues that the charge should not be seen as a legitimising factor. This is principally on the basis that the administrator of Company B has since said that it believes the charge to be invalid because the ownership of the associated vehicles had already changed prior to the completion of the relevant paperwork. The administrator says this makes the charges invalid. Mr N contends it was always Company B's intention to provide invalid charges and that they were only provided at all to try and placate victims and keep them quiet.

I've had sight of the administrator's reports and it's clear the issue of whether charges were valid or not remained unclear for a significant period after it was appointed. The administrator had to conduct significant investigation into this point, including bringing in legal counsel and requiring commentary from the court to determine the nature of the filed charges. Even then, this did not lead to a conclusive answer or definitive opinion. Instead, the legal advice commented the matter was very complex and far from clear-cut.

So, even if it is now settled that the charges are invalid, which isn't certain, I think the fact that the administrators had to seek further guidance and took a number of years to come to an agreement suggests it was not clear cut that the way the charges were registered made them invalid. I'm not persuaded the administrators reaching the conclusions they did is persuasive evidence Company B knew that registering the charges in this way would make them invalid or that it deliberately registered them in this way to avoid acting in line with its agreement with Mr N.

I therefore don't think the administrator treating Mr N's charge as invalid some years later necessarily means that Company B didn't intend to provide the security in line with its agreement with him at the time.

Mr N has commented that it took significant effort on his part to see the charges put in place. He's described a need to follow-up repeatedly with Company B and to chase-up the agreements, and that only the most persistent of Company B's investors ultimately received what was promised. But this still doesn't provide persuasive evidence that Company B never

intended to provide Mr N the promised security. Such a charge would only be registered once the initial investment payment was made following the signing of the agreements. And the charge was provided in Mr N's case. What Mr N describes sounds like poor practice on Company B's part, but I'm not satisfied it provides persuasive evidence of a scam.

I'm conscious Mr N has lost a significant sum of money here and that Company B didn't deliver what it was supposed to. I'm also aware that this service has issued findings for other complainants where we've concluded Company B did intend to scam them and their losses have been reimbursed. But I must consider Mr N's complaint on its own merits. And I'm satisfied here that the provision of the charge over vehicles is an important and persuasive consideration. I'm also conscious that there were numerous investors who contracted with Company B over several years and received all that was promised, demonstrating that there were people Company B appears not to have set out to defraud.

With all of this in mind, I don't find RBS has acted unreasonably in declining to reimburse Mr N's loss. And so I'm not upholding his complaint.

My final decision

I don't uphold this complaint against The Royal Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 24 September 2025.

Ben Murray
Ombudsman