

The complaint

Mr and Mrs L complain that The Royal Bank of Scotland plc ('RBS') won't refund the money they say was lost as the result of a scam.

What happened

While in Dubai, Mr and Mrs L were introduced to an investment which involved "matched betting". Mr L signed a contract in November 2023 and made a payment of £100,000 to an account held in the Isle of Mann. The contract was for a term of 24 months and said Mr L, as a participant, would receive a return of 3.5% per month of the initial investment which would be paid quarterly. Meaning an annual return of 42%.

Mr and Mrs L received a return of £3,231 in January 2024, but received no further returns, or the return of their capital.

They raised a fraud claim with RBS in January 2025, asking that RBS reimburse their loss. RBS declined to refund Mr and Mrs L saying that it was a failed investment not a scam and Mr and Mrs L didn't complete due diligence prior to investing.

Mr and Mrs L weren't happy with RBS's response, so they brought a complaint to our service. As part of their complaint, Mr and Mrs L say their payment is covered by the Contingent Reimbursement Model Code (CRM Code), based on information on RBS's website which says payments to the Isle of Mann aren't considered international payments. They also raised concerns that other investors had been reimbursed by RBS, which meant RBS aren't treating Mr and Mrs L fairly.

An investigator looked into Mr and Mrs L's complaint but didn't uphold it. The investigator explained that the CRM Code doesn't cover payments made to accounts held outside of the UK, so Mr and Mrs L's payment isn't covered by it. The investigator wasn't satisfied that RBS had asked enough open and probing questions when Mr L made the payment. However, the investigator wasn't satisfied that even if RBS had asked more questions, that it would've prevented Mr L from making the payment based on the level of checks he'd completed.

Mr and Mrs L disagreed with the investigator's opinion and asked for an ombudsman to review their case. They raised the following concerns:

- This was clearly a scam, and they are entitled to a refund.
- They disagree that their payments aren't covered by the CRM Code.

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 be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position in law is that RBS are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's). It's not in dispute that Mr L authorised this payment, although he did so not realising that he might suffer a financial loss as a result. So, the starting position is that RBS are not liable.

RBS are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances. But the CRM Code only covers payments made between two accounts held in the UK and both accounts must be denominated in pounds sterling. Here, Mr L made a payment to an account held with a bank in the Isle of Mann. As the Isle of Mann is a self-governing British Crown Dependency and has its own parliament, laws and government - it is not part of the UK.

I appreciate that RBS's website may've said that they don't consider payments to the Isle of Mann to be international payments. But I'm satisfied that the account Mr and Mrs L paid (held in the Isle of Mann) is held outside of the UK, so their payment is not covered by the CRM Code.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

RBS also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Mr L made the payment over telephone banking with the help of RBS staff. As part of his call with RBS, Mr L was asked questions about the payment. Having listened to the call, I'm not satisfied that RBS's questions went far enough, or that they were as open and probing as I would've expected.

I say this because most of the questions required a yes/no answer and RBS didn't delve into how Mr L found the investment, what he knew about the party he was making payment to, or what checks he had completed. But RBS's failure to ask the type of questions I would've expected, doesn't necessarily mean that Mr and Mrs L are entitled to a refund. I have to go on to consider what the impact would more likely than not have been if RBS had asked the type of questions I've set out above.

Having carefully considered what Mr and Mrs L have told us, I'm not satisfied that further questioning or probing by RBS would've prevented Mr and Mrs L's loss. I'll explain why.

Mr L has told us that he carried out extensive checks before investing including:

- verifying identification documents

- having face to face and zoom meetings with representatives of B
- having discussions with existing investors who he personally knew and had received returns
- reviewing the official investment prospectus
- checked the FCA warning list and conducted background checks on the main representative he dealt with – including a review of the Companies House records and their online presence.

Based on the information that Mr L would've shared with RBS, and the level of checks he had completed, I'm not satisfied that RBS should've been concerned or could reasonably have refused to follow his payment instructions.

Even if RBS had given Mr L a scam warning related to investment scams, I'm not satisfied that this would've resonated with Mr L or prevented the payment from being made. Mr L had already completed most of the checks that would've been recommended as part of a warning. Also, his circumstances didn't mirror the key features of investment scams, as the investment was recommended by people he knew and trusted.

Mr L has raised a point about RBS not vetting the beneficiary account. However, as the account was held with a separate bank, they wouldn't have access to any information about the beneficiary or their account conduct. Mr L is also concerned that other investors, who bank with RBS, have been refunded. Mr L feels that RBS aren't treating him fairly by refusing to refund him. While I appreciate that other investors may've been refunded, that doesn't necessarily mean that I can require RBS to refund Mr and Mrs L. I have to reach a decision based on whether I'm satisfied in Mr and Mrs L's case that RBS can fairly be held liable. As explained above, I'm not satisfied that is the case.

I'm really sorry to disappoint Mr and Mrs L who have suffered a significant loss. But, for the reasons given above, I'm not satisfied that I can fairly hold RBS liable.

My final decision

My final decision is that 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 L and Mrs L to accept or reject my decision before 17 December 2025.

Lisa Lowe
Ombudsman