

The complaint

Ms R complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) won't refund losses she incurred as a result of a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In October 2022, Ms R made payments totalling £84,950 from her NatWest account towards an investment in a holiday lodge in Scotland. The investment was with a company that will be further referred to as "Company A".

As part of the investment, Ms R would receive a quarterly payout, which was rental income for the holiday lodge, with Company A buying back the lodge after 5 years at an escalated price of what Ms R paid.

Ms R received the contracted returns until April 2024, totalling £9,993.13. When Ms R didn't receive any further payment, she searched online and discovered that the company had entered administration.

In December 2024, Ms R raised a complaint with NatWest, requesting reimbursement of her loss on the basis that she'd been the victim of a scam. NatWest looked into the matter but declined to offer a refund to Ms R on the basis that this was a civil dispute and that they didn't have any concerns about the validity of the payments at the time they were made.

Unhappy with this response, Ms R, raised her complaint with our service via a professional representative.

An investigator looked into Ms R's complaint but didn't uphold it. They explained they didn't believe that NatWest had acted incorrect in declining Ms R's complaint on the basis that it was a private civil dispute and that there wasn't enough evidence to show that her payments were covered by the Contingent Reimbursement Model (CRM) Code.

Ms R disagreed with the investigator's assessment. Ms R's representatives provided detailed responses as to why they didn't agree which sought to demonstrate that the company, linked companies and the directors had acted fraudulently and that Ms R had been the victim of a scam.

As the complaint couldn't be resolved by the investigator it has been passed to me for a 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.

Ms R has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Ms R's complaint. This is not meant to be a discourtesy to Ms R and I want to assure her I have considered everything she has submitted carefully.

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.

In broad terms, the starting position at law is that a bank such as NatWest is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that NatWest isn't liable for the transactions.

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.

NatWest 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.

Taking these things into account, I need to decide whether NatWest acted fairly and reasonably in its dealings with Ms R.

Has Ms R fallen victim to a scam?

NatWest 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.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

The Code also explains that it 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'*.

In order to reach my decision on this complaint, I've considered the purpose for which Ms R made, and Company A received, the payments. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

It's clear that Ms R made the payments in order for the construction and renting of a holiday lodge at a site in Scotland. So, I've gone on to consider what purpose Company A had in mind and whether that was in line with the purpose Ms R made the payments.

In reaching an answer on what purpose Company A, and its linked companies, had in mind, the key information I've considered is as follows:

- Company A owned sites and either had, or sought, planning permission to build and develop holiday lodges on these sites. This suggests that there was a genuine intention of Company A to build and develop the sites.
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.
- Many submissions have been provided, and allegations made, regarding representations made to investors prior to their investments. Whilst some mis-representations may have been made, by both Company A and the company that introduced Ms R to the investment, I don't think this speaks overall to the intention of the companies involved and whether they had simply sought to defraud their investors.

Furthermore, mis-representations made prior to an investment wouldn't automatically mean that Ms R's payments would meet the definition of an APP scam; which is especially true for any mis-representations made by parties other than Company A.

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the police. Given the breadth of these investigations, it's difficult for me to be certain that all the available evidence has been obtained from all parties and that all the information relevant to this complaint has been reviewed prior to the issuance of my decision. Furthermore, these investigations haven't yet drawn definitive conclusions as to whether the companies, or their directors, have acted fraudulently.

But, for completeness, I should state that fraudulent activity by the companies or their directors may not automatically mean that Ms R's payments would then meet the definition of an APP scam, given any given activity found to be fraudulent may be unrelated to the procurement of investors' funds and instead relate to other activities carried out by the companies.

I have every sympathy for Ms R as she has lost a substantial amount of money and has provided a lot of detailed information and evidence relating to her complaint. I want assure her that I've considered all of the evidence and arguments put across, but I'm not persuaded that this was, more likely than not, an APP scam. Many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. I believe that to be the case in this instance.

Ultimately, Ms R made payments towards a holiday lodge rental investment and the evidence presented to our service doesn't sufficiently demonstrate that Company A didn't have the intention of carrying out and completing the developments at the time of the payments.

Because of this, I'm not satisfied that Ms R's claim meets the CRM Code's definition of an APP scam.

Lastly, I've considered whether NatWest could've done any more at the time of the payments in order to prevent Ms R's loss.

I've not seen evidence to suggest that NatWest intervened and discussed the payments with Ms R prior to releasing them. But, even if NatWest had discussed the payments with Ms R

prior to their release, I'm not persuaded that the information she'd have presented would've suggested that she might be at risk of financial harm. This is based on the vast and detailed information available about Company A at the time of the payments, none of which suggested that Ms R may be falling victim to a scam. So, I can't fairly say NatWest could've prevented Ms R's loss at the time.

Overall, I'm not persuaded that Ms R has fallen victim to an APP scam, based on the evidence available. I've no doubt that this will be extremely disappointing to Ms R, given the impact this situation has had on her, but I'm unable to say that NatWest are liable to reimburse her loss. Should any material new evidence come to light at a later date, for example from the police or the administrators, Ms R can ask NatWest to reconsider her claim. But, as it stands, I can't fairly say NatWest should reimburse her loss under the CRM Code.

My final decision

My final decision is that I do not uphold this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 19 December 2025.

Billy Wyatt
Ombudsman