

The complaint

Mr B is complaining that The Royal Bank of Scotland Plc (RBS) didn't do enough to prevent him from making a payment to an investment which he now believes to be a scam.

The complaint is brought on his behalf by a professional representative but I'll mainly refer to Mr B here.

What happened

The circumstances of the complaint are known to both parties so I'll only set out the key points here.

Mr B was advised to invest in a fixed-rate bond with a property investment company I'll call "M." He was told he'd receive a fixed rate of interest of 9.8% per annum which would be paid quarterly.

In February 2019 Mr B made a payment of £5,000 from his account with RBS to M.

Mr B received an interest payment of £122.50 in May 2019, but he didn't receive any further interest payments and was later told that M had failed. M was dissolved in March 2024.

In August 2024 Mr B complained to RBS about what had happened, but it didn't agree to refund the payment, so he brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't think Mr B's complaint should be upheld. Mr B didn't agree, so his complaint has been passed to me for review and 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.

I'm really sorry to disappoint Mr B but I'm not upholding his complaint. I'll explain why.

It's not in dispute that Mr B authorised the payment, and RBS does have a duty to act on his instructions. But in some circumstances, RBS should take a closer look at the circumstances of a payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payment. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that RBS processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

RBS's obligations are predicated on there having been a fraud or scam. Mr B hasn't provided much detail about why he believes M was operating as a scam as opposed to offering a high-risk investment opportunity as a result of which he's suffered a loss.

However, I can see that in late 2020 M was wound up in the public interest by High Court order, following an investigation into its conduct by the Insolvency Service.

But ultimately, I don't need to decide if M was operating a scam or not because it doesn't affect the outcome of this complaint. I say this because having reviewed the circumstances of the payment, including the available information about Mr B's previous account activity, I'm not persuaded that the payment would have looked so out of character or suspicious that RBS should have had concerns that Mr B was at risk of financial harm through a scam and intervened.

This was a single payment, so there wasn't a pattern of transactions made in quick succession or escalating in value which can sometimes indicate that a scam is taking place. The payment was also being made to the account of (at that time) a registered business which was held in the UK. It was funded by a payment into the account from Mr B's flexible saver, also held with RBS – and funds were frequently moved between these two accounts, so I don't think this activity would have appeared suspicious or unusual.

Mr B had held his account with RBS for some time and he'd made payments of a similar value to the payment to M before – albeit not for around 12 months. But it's not unusual for customers to occasionally make payments of higher value from their accounts and I wouldn't expect RBS to intervene each time this happened if there were no other concerning factors, as is the case here.

However, for completeness and in line with the Investigator's reasoning, I will go on to briefly address why I don't think the payment would have been prevented even if RBS had intervened.

In deciding what RBS could reasonably have uncovered during a proportionate intervention, I must consider what information was available at the time. Although there have been clear concerns about M's conduct, I don't think this information would have been available to RBS or to Mr B at the time of the payment and so there was nothing to indicate M wasn't offering a legitimate, if unregulated, investment opportunity. M's regulation status is clear on the application paperwork Mr B signed, so I can't say that he wouldn't have known about this already. And it's not for RBS to provide financial advice about an investment as part of a proportionate scam intervention; it had no obligation to step in to protect Mr B from a potentially risky investment. Mr B could also have reassured RBS that he'd taken advice about investing in M. Taking all this into account, I think even if a conversation had taken place, Mr B would have told RBS to proceed with the payment. And there was no reason for it not to follow his instruction.

Unfortunately, it wouldn't have been possible for RBS to have recovered Mr B's payment even if had attempted to do so, because we know the funds had been sent to M which had been dissolved prior to Mr B's complaint to RBS.

I'm really sorry Mr B's lost his money in these circumstances. But for the reasons I've explained, I don't think RBS ought reasonably to have prevented his loss. So, it wouldn't be fair for me to ask it to refund the payment he made to M.

My final decision

My final decision is that I'm not upholding Mr B's complaint.

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

Helen Sutcliffe
Ombudsman