

The complaint

Mr S complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") won't refund payments he made as part 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.

Mr S became aware of an investment opportunity in a property development company who were offering loan notes to investors to raise funds for its projects. This company is further referred to as "Company A".

Company A would sell and rent its assets to consumers, which would generate income which would pay back investors' principal sum and interest.

Mr S reviewed the information and documentation he received from Company A and, satisfied with what he'd seen, made two payments totalling £40,000 to Company A in January 2019.

Mr S raised a formal complaint with NatWest and requested a refund of his payments as he believed he was the victim of a scam.

NatWest investigated the matter but declined to reimburse Mr S on the basis that they followed the correct processes at the time of the payments. Dissatisfied with this response, Mr S referred his complaint to our service through a professional representative.

An investigator looked into Mr S's complaint but didn't uphold it. The investigator said that they didn't think there was sufficient evidence to demonstrate that NatWest could've, or should've, identified that Mr S was at risk of falling victim to a scam at the time of the payments. The investigator also explained they weren't persuaded that Company A was operating fraudulently or that Mr S had fallen victim to a scam. Mr S disagreed with the investigator's findings.

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.

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 Mr S's complaint. This is not meant to be a discourtesy to Mr S and I want to assure him I have considered everything he's 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 payments.

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 Mr S.

Has Mr S fallen victim to a scam?

The Financial Conduct Authority (FCA) handbook defines authorised push payment (APP) fraud as:

'a transfer of funds by person A to person B, other than a transfer initiated by or through person B, where:

- (1) A intended to transfer the funds to a person other than B but was instead deceived into transferring the funds to B; or*
- (2) A transferred funds to B for what they believed were legitimate purposes but which were in fact fraudulent.'*

So, in order for me to reach the finding that Mr S is the victim of an APP fraud, I need to determine whether the circumstances surrounding the payments meet the FCA handbook definition of APP fraud.

I've considered the purpose for which Mr S made, and Company A received, his 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 Mr S made the payments as part of a property investment. So, I've gone on to consider what purpose Company A had in mind and whether that was in line with the purpose Mr S made the payments.

I'm aware that Company A had completed three large property developments. This suggests that Company A were genuinely and legitimately operating at the time of the payments in question. Furthermore, I've been provided with no evidence which me to believe that Company A were not operating legitimately at the time of the payments.

The evidence provided by Mr S, and the evidence I've reviewed, doesn't sufficiently demonstrate that the payments were used by Company A for reasons other than the agreed purpose.

I understand that Mr S believes that the directors of Company A, and other linked individuals, deliberately set out to defraud investors and unjustly enrich themselves. But, I've not been provided with evidence to satisfy me that this is the case.

I have every sympathy for Mr S as he has lost a substantial amount of money. That said, 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, Mr S made payments towards a property 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 investment. Because of this, I'm not satisfied that Mr S's claim meets the FCA handbook definition of an APP fraud.

Should NatWest have prevented the payments?

Mr S feels that NatWest should've done more to prevent the payments at the time they were being made. Though the payments were made in branch unfortunately, due to the length of time that has passed, NatWest are unable to provide evidence which shows what discussions took place. This means I'm unable to confirm whether NatWest asked appropriate questions in order to identify whether Mr S was at the risk of financial harm.

But, even if NatWest had asked relevant questions, I don't think the answers Mr S would've given to any questions asked by NatWest would've suggested that he might be at risk of financial harm. I've not been provided with detailed evidence which definitively shows that the purpose of the payments was discussed or that NatWest asked questions to determine whether Mr S may be at the risk of financial harm.

As referenced earlier in my decision, NatWest 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. That said, NatWest has no obligation to protect its customers from bad bargains or poor investment choices.

As I don't believe Mr S is the victim of an APP fraud, and that this is a civil matter between Mr S and Company A, I'm satisfied that NatWest haven't failed any of their obligations by not intervening and discussing the payments prior to them debiting Mr S's account.

For completeness, even if this were a scam, I'm not persuaded NatWest ought to have prevented Mr S's loss if they had discussed the purpose of the payments with Mr S at the time they were being made. This is based on the information available about Company A at the time of the payments and the fact that Mr S had carried out substantial research into the company and had had received a lot of information and documentation relating to the investment. Based on this, I don't think that NatWest could've, or should've, identified that Mr S was at the risk of financial harm at the time of the payments.

Overall

Based on everything I've seen, I'm not satisfied that Mr S has fallen victim to APP fraud as defined by the FCA handbook or that NatWest should be held liable for failing to prevent his loss at the time the payments were made.

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 Mr S to accept or reject my decision before 13 November 2025.

Billy Wyatt
Ombudsman