

The complaint

Mr N complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') hasn't refunded the money he believes he lost to an authorised push payment ('APP') investment scam.

Mr N referred his complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mr N throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In October 2021, Mr N entered into an investment with a business, which I'll refer to as 'Company B'. Although Mr N's investment was with Company B, he was instructed to pay a linked business, which I'll refer to as 'Company L'.

On 14 October 2021, Mr N paid Company L £1,000 as a holding deposit. He then made a further payment of £119,023 to Company L on 27 October 2021.

Mr N was led to believe that his investment capital would be used towards the purchase of a holiday lodge, to be sited on a leisure park in Scotland. Company B would then market and rent out the holiday lodge to holidaymakers, generating an income.

Mr N was expecting to receive an annual return of 10% on his investment, to be paid quarterly, for a period of five years. After the five-year agreement elapsed, Company B was due to buy the holiday lodge from Mr N for the amount he'd paid for it – plus an extra 10% on top of the purchase price.

Between December 2021 and April 2024, Mr N received his quarterly returns as expected. In total, Mr N received £29,129.03 back into his account with NatWest. However, Mr N has received no further returns on his investment since April 2024, leaving him with a loss of £90,893.97.

There is an ongoing police investigation into Company B, and some other businesses connected to the investment have entered administration. Mr N now believes he's fallen victim to an APP scam.

Mr N reported the situation to NatWest in the form of a complaint and asked for a refund. NatWest considered Mr N's complaint but declined to reimburse him. NatWest said it was premature to decide whether to reimburse Mr N's loss due to the ongoing police investigation into Company B. Unhappy with NatWest's response, Mr N referred his complaint to this service.

Our Investigator considered the complaint but didn't uphold it. In their opinion, there wasn't enough evidence to conclude that Company B was a scam and so our Investigator didn't think NatWest could fairly be held responsible for reimbursing Mr N's loss.

Mr N didn't accept our Investigator's opinion. As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Mr N has made some detailed submissions in support of his complaint. I've read and considered everything he's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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

It's not in dispute that Mr N made the disputed payments. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr N is responsible for the payments (and the subsequent loss) despite the payments being made as the result of an *alleged* scam.

However, that isn't the end of the story. Good industry practice required NatWest to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

The first disputed payment was a £1,000 faster payment. I don't think that payment was so suspicious that NatWest reasonably ought to have questioned Mr N about it. So, I don't think NatWest reasonably could've been expected to have prevented the payment being made.

The second payment was a £119,023 CHAPS payment, which NatWest reasonably ought to have had concerns about, given the value of the transaction. NatWest hasn't confirmed what, if any warnings, were provided to Mr N at the time. So, I can't be sure NatWest did everything it should've done in the circumstances.

However, regardless of any potential errors made by NatWest in the payment process, I'm not persuaded Mr N has been the victim of an APP scam (as I'll go on to explain). So, even if NatWest failed to intervene in a way that was proportionate to the risk demonstrated by the payment, I'm not satisfied NatWest can fairly be held responsible for Mr N's loss.

At the time Mr N made the disputed payments, NatWest was signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams, but this didn't apply to every APP which ultimately resulted in a loss for a customer. For Mr N's claim to be considered under the principles of the CRM Code, I'd need to be persuaded that it applies in his circumstances.

The CRM Code can only apply to Mr N's disputed payments if they meet the CRM Code definition of an APP scam. The relevant definition for this case would be that Mr N transferred funds to another person (or company as is the case here) for what he believed were legitimate purposes, but which were in fact fraudulent.

I'm aware that our Investigator provided a detailed description of the available evidence when they informed Mr N that they didn't think he'd lost money to an APP scam. Our Investigator has also responded, in detail, to the arguments and evidence Mr N has submitted since they issued their view. So, rather than repeat what our Investigator said, I've focused on what I consider to be the key pieces of evidence when deciding this complaint.

Based on the evidence currently available, I'm not persuaded it's most likely that Mr N's been the victim of an APP scam. As a result, I've decided not to uphold his complaint. I'm sure this outcome will be disappointing for Mr N, so I'll explain why.

The circumstances of Mr N's complaint are complex, and I accept he has provided a considerable amount of evidence to support his belief that he's been scammed. I also appreciate that some of the evidence does demonstrate some concerns about the investment and how it was sold to him.

However, the key question I must answer is whether it is more likely than not that Company B intended to scam Mr N at the time he made the disputed payments. I appreciate Mr N feels very strongly that he has been the victim of a scam, and I accept it's possible that he has been. However, it's also possible that Mr N's loss is the result of a genuine investment opportunity that ultimately failed.

The development of holiday lodges (including the holiday lodge Mr N's investment was intended to be used towards), on two sites in Scotland, was a joint venture between Company B and a separate business, which I'll refer to as 'Company A'. It would appear that Company L, the business that received Mr N's payments, was incorporated to facilitate the joint venture, by receiving investors' funds and distributing these amongst the other companies involved in promoting/selling the investments and carrying on work towards the delivery, marketing and renting out of holiday lodges.

Company A owned the sites it led investors to believe it was intending to develop – and one of those sites (the same site where Mr N believed the holiday lodge he was financing would be sited) is operational. Holiday lodges have been delivered at the site and are available to be rented out by the general public. So, it appears investors' funds have been used towards the intended purpose of making the site operational, which gives the impression that there was an alignment between Mr N and Company B as to the purpose of his payments at the time the payments were made.

Mr N says the administrator of one of the companies involved in the investment said the scheme resembled an investment scam. I've reviewed the administrator's comments, and I accept they remarked that there were "*hallmarks of a possible fraud*" and that a "*much wider investigation is needed...to get a full picture*". The administrator's investigation hasn't concluded, and the remarks were made without seeing all the evidence and they are not the final conclusions. So, I don't find this information to be persuasive in determining that Mr N has been the victim of an APP scam.

It's possible that investors' funds haven't been used towards the intended purposes. However, this allegation isn't currently supported by evidence and so again I'm not persuaded that this is enough to demonstrate Company B set out to dishonestly deceive Mr N at the time the disputed payments were made.

In August 2023, Mr N made a further investment with Company B. That investment was funded by Mr N's own company, and the relevant payments don't form part of this complaint. However, Mr N says one of the holiday lodges he was financing was also assigned to another investor and Mr N believes that this demonstrates Company B was acting fraudulently.

I accept that it would be concerning if a business sold the same investment asset (in this case, a holiday lodge) to multiple investors. However, Mr N hasn't provided evidence demonstrating that this is the case. He's provided a draft contract for the same holiday lodge dated April 2021. But this contract is unsigned and Mr N hasn't provided any evidence that a third party successfully purchased the holiday lodge either before or after his business's investment in August 2023. And it's worth noting that Mr N's business received returns into its account relating to that holiday until April 2024, totalling £8,377.83.

Even if one of the holiday lodges financed by Mr N's business was also sold to another investor, I must bear in mind that investments with Company B were being promoted by multiple introducers. So, I think it's possible that this could be explained by misadministration rather than an intent to defraud.

Unfortunately, there appears to have been a breakdown in the relationship between Company B and Company A, which has involved court action, with the directors of both businesses making allegations about the other's conduct – and it's possible that this is the reason the investment ultimately failed, rather than it being because of the result of a scam. So, I'm not currently persuaded I can fairly conclude that Mr N has been the victim of an APP scam as defined by the CRM Code, which means I can't apply the principles to Mr N's complaint.

There are ongoing external investigations (including by the police) into the companies involved in Mr N's investment. And it's possible that once those investigations have concluded, evidence may become available which demonstrates investors' funds haven't been used for the intended purpose and that Mr N has, more likely than not, been the victim of a scam. Should that happen, Mr N can ask NatWest to reconsider his claim.

I appreciate Mr N has suffered a significant loss – and I have natural sympathy for him. However, based on the evidence currently available, I'm not persuaded NatWest is responsible for reimbursing him as I can't currently say his loss is, more likely than not, the result of a scam.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 February 2026.

Liam Davies
Ombudsman