

The complaint

Mr R and Mrs S complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') won't reimburse the funds they lost when they say they fell victim to a scam.

What happened

Mr R and Mrs S say that they received an email from a property investment platform about a rent-to-rent scheme with a company I'll call L in this decision. L would source properties and renovate them. In October 2023 Mr R and Mrs S made four payments to L from their joint account (£10, £40,000, £9,990 and £50,000). They say they had four separate joint venture agreements with L which said they would receive a minimum of £3,000 a month for sixty months.

As the first payments were due to be made, Mr R and Mrs S say that L reported issues with the payments being received. Promises were made of a resolution, but this didn't materialise, and Mr R and Mrs S didn't receive the expected returns.

Mr R and Mrs S complained to NatWest, through a professional representative, in March 2025. They said NatWest failed to recognise unusual and out of character payments and should reimburse them under the provisions of the Contingent Reimbursement Model Code ('CRM Code').

NatWest said that it was unable to tell if any of the payments had flagged but even if they did Mr R and Mrs S would have confirmed they were paying a genuine company. NatWest also said that online warnings were provided.

Mr R and Mrs S were unhappy with NatWest's response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. He said that Mr R and Mrs S hadn't provided evidence to show that L didn't intend to act in accordance with their agreement with it, and their claim couldn't be considered under the CRM Code. The investigator went on to say that NatWest acted reasonably in processing the payment Mr R and Mrs S made to L.

Mr R and Mrs S, via their professional representative, didn't agree with the investigator's findings. In summary, they said:

- On its website L made promises that were impossible to keep, such as guaranteed returns for the duration of the contract. They say that no genuine investment would offer guaranteed returns given the risk involved in investing, and these promises "match the main characteristics of an investment scam" and demonstrate an intent to defraud.
- Properties in question are shown as commercial properties. Such properties can't generally be legally used for short-term accommodation without specific planning permission, which is costly and time-consuming. Offering an investment without a plan to overcome legal and practical barriers whilst offering high and guaranteed short-term returns indicates fraudulent intent.
- The directors of L have left the country, and a new director is in place. Mr R and Mrs

S say that a genuine company would attempt to provide returns to investors and go into liquidation if it was unable to fulfil its obligations. And L was advertising for new investors while unable to pay returns to those who had already invested. This strongly suggests fraudulent intent and “matches characteristics of a Ponzi scheme”.

- There are lots of others who haven't received the returns they expected. Mr R and Mrs S provided a link to online reviews.

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

NatWest is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an authorised push payment (APP) scam, as set out in it, is met.

I have considered whether Mr R and Mrs S's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...where:

- (i) *The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) *(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

It is for Mr R and Mrs S to demonstrate that they are the victims of an APP scam.

To decide whether Mr R and Mrs S are the victims of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr R and Mrs S thought this purpose was legitimate.
- The purpose the recipient (L) had in mind at the time of the payments, and whether this broadly aligned with what Mr R and Mrs S understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mr R and Mrs S thought they were investing in a rent-to-rent property investment scheme. I haven't seen anything to suggest that they didn't consider this to be a legitimate purpose.

I've gone on to consider the available evidence and L's purpose in taking Mr R and Mrs S's funds. Having done so, I'm not satisfied that Mr R and Mrs S have demonstrated it's more likely than not L had a different purpose in mind or that there was fraudulent intent.

I can see that L is a registered company that was incorporated in April 2022. The First Gazette notice for compulsory strike off was filed in July 2025, so at the time Mr R and Mrs S invested L was an active company. There are genuine reasons why there could be a proposal to strike off.

Mr R and Mrs S have said that L was operating a scam because it offered very high and guaranteed returns. I can't agree that the joint venture agreement I have seen for one payment of £25,000 (and I assume the other three were the same but they haven't been provided) says that returns were guaranteed. The agreement says that the returns are subject to L receiving payments from the management company. The agreement went on to say that that L wasn't responsible for the risk of non-payment by the management company/guests/landlord, but L would do its best to recover payments from these parties. So there was a clear element of risk involved in the investment. In any event, I'm not persuaded high returns, in the absence of other persuasive evidence, demonstrates the definition of an APP scam has been met.

Whilst Mr R and Mrs S say that L didn't use their funds for the intended purpose, they haven't provided persuasive evidence in support. By contrast, as the investigator set out in his view, I have confidential information that I'm unable to share for data protection reasons which shows funds being used in the manner expected. Payments are sent to and from the management company, and to third parties linked to the operation of a genuine business in the property sector. The payments are consistent with L's nature of business and the agreement Mr R and Mrs S signed.

I'm sorry Mr R and Mrs S haven't received returns as expected. The fact they haven't received returns isn't enough to bring their claim within the scope of the CRM Code though. Businesses can fail for many reasons including poor management and the breakdown of relationships. I haven't seen anything to persuade me that it's more likely than not Mr R and Mrs S didn't receive returns because of fraud rather than factors like these, particularly as L told investors there were issues with payments and with the management company involved.

I can't fairly conclude that the resignation of directors of L in June 2024 and the appointment of a new director indicates fraudulent intent. Nor can I assume that if L was a genuine company, it would have attempted to provide returns to investors and gone into liquidation if it was unable to fulfil its obligations, as Mr R and Mrs S's representative has done. Directors can resign for many reasons including to restructure a company. I note that the former directors of L said they were transferring ownership to a corporate restructuring company.

Mr R and Mrs S have said that L took on new investors while unable to pay current investors. I'm not persuaded this was done with the intent to defraud. L was in financial difficulty and took steps to remedy the position. I don't think this demonstrates L was operating a Ponzi scheme.

Even if the properties L was renovating were commercial properties as suggested by Mr R's representative, I can't see that this demonstrates that L took Mr R and Mrs S's funds with a different purpose in mind or with fraudulent intent. Taking on such properties may present practical and legal challenges but doesn't show L didn't intend to provide rent-to-rent properties.

Finally, I've not seen any evidence to suggest the police are investigating the actions of L or evidence from any other external organisation which concludes that L intended to use Mr R and Mrs S's funds for a different purpose to the one agreed with them.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose L had in mind when it took Mr R and Mrs S's payments was different to theirs. So, I consider NatWest acted fairly in not considering Mr R and Mrs S's complaint under the CRM Code.

If material new evidence comes to light at a later date, Mr R and Mrs S can ask NatWest to reconsider their fraud claim.

I've gone on to consider whether there is any other reason I can require NatWest to reimburse Mr R and Mrs S. NatWest should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and

identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect NatWest to intervene and attempt to prevent losses for the customer.

I have only seen statements for three months before the payments to L were made but it seems likely that at least some of the payments from Mr R and Mrs S's account were unusual and out of character. NatWest says it provided on screen warnings. I don't need to decide if any warnings went far enough because even if they didn't, I can't uphold Mr R and Mrs S's complaint solely on this basis. I need to go on to consider causation – whether suitable intervention would have made a difference to Mr R and Mrs S's decision making or NatWest could have reasonably prevented the loss. In deciding this, I need to consider the information that was available at the time the payments were made.

I'm not persuaded that if NatWest asked Mr R and Mrs S further questions it would have had any concerns or that the payments would not have been made. L was a legitimate company, Mr R and Mrs S had received documentation and there was nothing in the public domain at the time to suggest NatWest should have been concerned that Mr R and Mrs S might be falling victim to a scam.

Overall, whilst I'm sorry Mr R and Mrs S have lost a substantial amount of money, I can't fairly hold NatWest responsible for their loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs S to accept or reject my decision before 15 December 2025.

Jay Hadfield
Ombudsman