

The complaint

A company, which I'll refer to as N, complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') won't reimburse the funds it lost when it says it fell victim to a scam.

Mr C, who is a director of N, brings the complaint on N's behalf.

What happened

Mr C says that he received an email from a property investment platform about a rent-to-rent scheme with a company I'll call R in this decision. In June 2023 Mr C paid £12,500 to R from N's account and signed a joint venture agreement. The agreement set out that C would receive at least £1,500 a month for 60 months. Returns were received in September and October 2023 but after this a director of R said there were issues with payments and with the management company (G) and no further payments were received.

Through a professional representative, Mr C/N complained to NatWest in February 2025. He said NatWest failed to recognise an unusual and out of character payment and should reimburse N under the provisions of the Contingent Reimbursement Model Code ('CRM Code').

NatWest said N has a dispute with R and an online warning was provided at the time the payment was made.

Mr C was 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. She said Mr C/N hadn't provided evidence to show that R didn't intend to act in accordance with the joint venture agreement, and the claim couldn't be considered under the CRM Code. The investigator went on to say that NatWest acted reasonably in processing the payment from N's account.

Through his professional representative, Mr C, acting on behalf of N, didn't agree with the investigator's findings. I have summarised the main points raised below:

- Each party entered into the investment with a different purpose in mind. Mr C, on behalf of N, invested in a rent-to-rent scheme to receive a monthly income. But he hasn't seen evidence that R ever managed any properties.
- On its website R made promises that were impossible to keep, such as guaranteed returns for the duration of the contract. He says 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 R have left the country, and a new director is in place. Numerous promises have been made about returning funds, which haven't been kept. Mr C says that a genuine company would attempt to provide returns to investors and go into liquidation if it was unable to fulfil its obligations. And R 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.

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 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 APP scam, as set out in it, is met.

I have considered whether N'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 C, on behalf of N, to demonstrate that N is the victim of an APP scam.

To decide whether N is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payment and whether Mr C thought this purpose was legitimate.
- The purpose the recipient (R) had in mind at the time of the payment, and whether this broadly aligned with what Mr C (acting on behalf of N) understood to have been the purpose of the payment.
- 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 C on behalf of N thought he was investing in a rent-to-rent property investment scheme. I haven't seen anything to suggest that he didn't consider this to be a legitimate purpose.

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

I can see that R 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 C invested N's funds R was an active company. There are genuine reasons why there could be a proposal to strike off.

Mr C has said that R was operating a scam because it offered very high and guaranteed returns. Having considered the Joint Venture Agreement signed by Mr C on behalf of N and

a representative of R, I'm not persuaded the returns were guaranteed. The agreement says that the returns are subject to R receiving payments from the management company. The agreement went on to say that R wasn't responsible for the risk of non-payment by the management company/guests/landlord, but R would do its best to recover payments from these parties. So there was a clear element of risk involved in the investment, which was recognised by Mr C, as he tried to get this term of the agreement changed. 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 C, acting on behalf of N, says that R didn't use N's funds for the intended purpose, he hasn't provided persuasive evidence in support. By contrast, as the investigator set out in her 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 G, and to third parties linked to the operation of a genuine business in the property sector. The payments are consistent with R's nature of business and the agreement Mr C signed.

I'm sorry N hasn't received returns as expected. The fact returns weren't paid beyond October 2023 isn't enough to bring C's 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 N didn't receive returns because of fraud rather than factors like these, and I note that R told investors that there were issues with receiving funds and with the property management company (G).

I can't fairly conclude that the resignation of directors of R in June 2024 and the appointment of a new director indicates fraudulent intent. Nor can I assume that if R 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 C's representative has done. Directors can resign for many reasons including to restructure a company. I note that the former directors of R said they were transferring ownership to a corporate restructuring company.

Mr C has said that R took on new investors while unable to pay current investors. I'm not persuaded this was done with the intent to defraud. R was in financial difficulty and took steps to remedy the position. In the absence of other persuasive evidence, I don't think this demonstrates R was operating a Ponzi scheme.

Even if the properties R was renovating were commercial properties as suggested by Mr C's representative, I can't see that this demonstrates that R took N'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 R 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 R or evidence from any other external organisation which concludes that R intended to use N's funds for a different purpose to the one agreed with Mr C.

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

If material new evidence comes to light at a later date Mr C can ask Barclays to reconsider N's fraud claim.

I've gone on to consider whether there is any other reason I can require NatWest to reimburse N. 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 can't see that the payment of £12,500 to R was so unusual and out of character given the usual operation of N's account that NatWest ought reasonably to have intervened before processing it. Even if it was, I can't uphold N's complaint solely on this basis. I need to go on to consider causation – whether suitable intervention would have made a difference to Mr C's decision making or NatWest could have reasonably prevented the loss. I'm not persuaded it could. R was a legitimate company, Mr C had received documentation, and there was nothing in the public domain at the time to suggest NatWest should have been concerned that Mr C acting on behalf of his business might be falling victim to a scam.

Overall, whilst I'm sorry N has lost a substantial amount of money, I can't fairly hold NatWest responsible for the 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 N to accept or reject my decision before 6 January 2026.

Jay Hadfield
Ombudsman