

The complaint

Mr S is unhappy that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') has decided not to refund him, after he invested in what he now thinks is a scam.

What happened

I'm satisfied the circumstances of this complaint are well-known to both parties, as such I have summarised them briefly below.

In late 2022, Mr S was introduced to an investment opportunity through a company I'll refer to as A. The investment itself would be with a company I'll refer to as X, though there a host of other involved separate entities.

X was offering investors the opportunity to invest in luxury lodge plots, which were being built as part of the wider development of a holiday resort. Investors were told they would receive an annual return of 8% on their investment (paid quarterly), plus 110% of the original investment paid back after five years as part of a compulsory buy-back clause.

Mr S agreed to invest a total sum of £54,950 in an eco-cabin. He did so by making multiple payments totalling £53,950 from his account with NatWest with the remainder made from his account with another bank. The payments were made to an account belonging to X. And the payment made from Mr S's account with another bank is the subject of a separate complaint at this service.

Between February 2023 and April 2024, Mr S received returns on his investment as agreed. But once the returns stopped, he suspected he may have been the victim of a scam.

Mr S through his professional representative raised a claim with his bank in February 2025. It asked that NatWest reimburse Mr S's losses under the Contingent Reimbursement Model (CRM) Code to which it was a signatory at the time of the payments.

In its response, it explained that Mr S's claim wasn't covered and that's because it was deemed to be civil dispute. It said it was unable to assist because at the time of the payment, he paid a genuine business that was active at the time of payment and registered on Companies House.

However, NatWest also said that it was aware of an ongoing police investigation. And in light of this it was seeking to also rely on a provision within the CRM Code that allows them to wait for the outcome of the investigation before making a decision on a claim. It went on further to say that it would be able to review the claim following completion of the police investigation.

Our investigator didn't uphold the complaint. In making her findings, she concluded that she was unable to exclude the possibility that the investment scheme unravelled because of other reasons than fraud from the outset, such as poor business practice, or disagreements among involved parties in the scheme.

Mr S's representative disagreed presenting submissions that it considered demonstrated the investment opportunity was in fact fraudulent and therefore NatWest was required to reimburse Mr S's losses under the CRM Code.

As agreement couldn't be reached, the complaint has now 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.

I'm aware I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this. In this decision, I've focussed on what I think is the heart of the matter here. Therefore, 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 consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of the Financial Ombudsman as a free alternative to the courts.

My role is to consider the evidence presented by the parties to this complaint and reach what I think is a fair and reasonable decision, based on what I find to be the facts of the case.

I acknowledge the complexity of this case. I am aware that multiple investors have brought claims that they lost money after investing with X, and its associated companies. I'm also aware there are other interested parties, including liquidators and the police, who are currently conducting various reviews and investigations; the timelines and outcomes of which are currently unknown. I'm therefore conscious that new information may become available at some point in the future, which may shed more light on the situation than is currently known.

But I can only conclude this case based on the information that is currently available to me. I do not think it would be in the interest of fairness to delay reaching an outcome in this case. Should materially new evidence come to light after I have reached this decision, Mr S would be entitled to ask NatWest to reconsider a claim under the CRM Code, and he could ultimately refer any resulting complaint to the Financial Ombudsman.

It isn't in dispute that Mr S authorised the payment in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.

NatWest was a signatory to the voluntary CRM Code, which provides additional protection to scam victims. Under the Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam – except in limited circumstances. When considering such a claim, NatWest ultimately has one of three options available to it; it can either accept a scam has occurred and consider whether it should reimburse Mr S under the CRM Code, it can decide that no scam has occurred and therefore not reimburse Mr S, or it can decide to await the outcome of an investigation.

In these circumstances, I'm satisfied NatWest made a decision as it makes clear in its final response letter that having investigated the complaint, it deemed Mr S's claim to be a civil dispute. NatWest has also stated in its submissions to this service that it is inclined to believe this is a civil dispute. Therefore, I'm not satisfied NatWest can also seek to rely on the provision R3(1)(c) within the CRM Code. That said, whether NatWest deems this a civil dispute, or seeks to rely on this provision within the code, doesn't alter the overall outcome

here. And in any event as I've set out above it has advised it would be able to review the claim following completion of the police investigation.

The CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've therefore considered whether the payment Mr S made to X falls under the scope of an APP scam as set out above, and whether NatWest was wrong in reaching the conclusion that this was a private civil dispute. Having done so, I don't think the evidence shows NatWest was wrong to reach that outcome. I'll explain why in more detail.

In order to determine if Mr S has been the victim of a scam, I have to consider if his intended purpose for the payment was legitimate, whether the intended purposes he and the company he paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the company – X. From reviewing the submissions here, I'm persuaded Mr S understood he was investing in the development of a holiday lodge park – which involved the development of the holiday site and, that in return for his investment he expected to receive quarterly returns. As such, I have no doubt that Mr S believed this to be a legitimate venture.

I've then thought about what purposes X had in mind for the payment it obtained from Mr S and whether these purposes were in line with the purpose Mr S had believed, or instead, if they were in fact fraudulent. In considering the purposes X and its linked companies had in mind, I've considered the following key information;

- X and linked companies owned sites and either had, or sought, planning permission to build and develop holiday homes on these sites.
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.
- X had formed relationships with other companies, seemingly with the intention of carrying out the development, each of which had been incorporated in the years prior to Mr S's investment.
- A number of lodges had been installed, which were being let as intended and had received positive online reviews.

I'm mindful that from the submissions and allegations made regarding representations made to investors prior to their investments may have been from agents selling the investment

scheme on offer by X. But I don't think this speaks to the overall intention of X and the other companies involved (including whether they sought to defraud their investors). Furthermore, misrepresentations made prior to an investment wouldn't automatically mean that Mr S's payments would meet the definition of an APP scam, only in so far as these misrepresentations directly related to the purposes of the payments Mr S made.

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the Police. But in and of itself, an investigation doesn't automatically mean that fraud has occurred. And such investigations will likely go toward investigating what the intent was at the time; the result of which may or may not lead to a prosecution. That said, I'm also aware that these investigations haven't yet drawn definitive conclusions as to whether the companies, or their directors, have acted fraudulently. For completeness, I should state that fraudulent activity by the companies or their directors may not automatically mean that Mr S's payments would then meet the definition of an APP scam, given any given activity found to be fraudulent may be unrelated to the purposes for which investors' funds were obtained and instead relate to other activities carried out by the companies.

To find that X was operating a criminal scam, I'd need to find that there is convincing evidence to show that fraud and criminality is the most likely explanation not one of a range of possibilities. Whilst I have every sympathy for Mr S as he has lost a substantial amount of money, I have to keep in mind that many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. Overall, I'm not persuaded that an APP scam is a more likely explanation.

In this case, Mr S made a payment toward a holiday lodge scheme that was purporting to develop the site and rent a lodge for which he would and did receive quarterly returns. The evidence I've seen doesn't sufficiently demonstrate that X didn't have the intention of carrying out and completing the developments and rentals at the time of the payment. It follows, that I don't find Mr S has fallen victim to an APP scam.

Lastly, I've considered whether NatWest could've done any more at the time of the payments in order to prevent Mr S's loss. NatWest explained that before making a payment or adding a new payee, a warning message is displayed about the types of scams they are seeing. It also said a tailored scam warning is displayed and customers must confirm they are confident they have read and understood its advice and they are satisfied they have taken relevant steps. I've not seen evidence to suggest that NatWest intervened and discussed the payments with Mr S prior to releasing them. But, even if NatWest had, I'm not persuaded the information he'd have presented would've suggested that he might be at risk of financial harm. This is based on the information available about X at the time of the payments. So, I can't fairly say NatWest could've prevented Mr S's loss at the time.

Overall, I'm not persuaded that Mr S has fallen victim to an APP scam, based on the evidence available. Therefore, I'm can't fairly say that NatWest are liable to reimburse his losses under the CRM Code.

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 8 January 2026.

Mark O'Connor
Ombudsman