

The complaint

Mr C complains that The Royal Bank of Scotland Plc (RBS) hasn't reimbursed him under the Contingent Reimbursement Model (CRM) code for a payment he made to a land and property development investment scheme he now says was a scam.

What happened

In September 2019, Mr C made a £15,000 payment to company 'P' which he now alleges was a scam investment firm. He complained to RBS about this payment via a representative in 2024 and requested a reimbursement under the CRM code. Mr C says this was a scam firm and his money was never used in the way he agreed.

RBS didn't uphold Mr C's complaint. It determined this was a civil dispute between the parties and so said the CRM code didn't apply.

Mr C came to our service, but our investigator reached the same conclusion. He said there wasn't sufficient evidence that P was a scam. Mr C's representatives provided links to two websites in response that it said supported the "notion" that P was a scam. Our investigator explained that this wouldn't be sufficient evidence. Mr C asked for an ombudsman to reconsider his case.

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.

The CRM code doesn't apply to all APP payments which ultimately result in a loss for the customer. It only covers situations where the payment meets its definition of an APP scam. The relevant definition for this case would be that Mr C transferred funds to another person for what he believed was legitimate purposes, but which were in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Mr C's been the victim of a scam in line with this required definition. This means the CRM code doesn't apply to his payment and so RBS isn't required to reimburse him under it.

Our investigator covered in detail why he considered the payment purpose Mr C had in mind, and the purpose in which the recipient had matched. I'm in agreement with him that this was the case, I'll explain why.

It's accepted Mr C's purpose for making the payment was to invest it in P and for the funds to be used towards land and property development. And that he was persuaded at the time through the paperwork this was a legitimate venture. I accept that P failed to deliver what was expected from the investment, but I haven't seen any clear evidence this was always what it intended; or that at the time of the payment, it planned to use Mr C's funds in a different way to what was agreed. I haven't seen persuasive evidence that P's intention was to defraud Mr C when it took his funds.

The information we currently hold suggests that P was a failed investment venture, not a scam. I have considered the information provided on behalf of Mr C, including the two websites. But these don't evidence P had fraudulent intent when it took Mr C's funds, as required under the CRM code.

I'm unable to say that the evidence provided at this time clearly demonstrates that P set out to deliberately defraud investors, so that the payment made meets the CRM Code's definition of an APP scam. So I can't agree RBS was wrong not to consider Mr C's payment for reimbursement under the Code.

My final decision

For the reasons set out above, I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 December 2024.

Amy Osborne
Ombudsman