

## **The complaint**

Mr N complains that The Royal Bank of Scotland Plc ('RBS') won't refund the money he lost as a result of what he believes was an investment scam.

## **What happened**

The background to this complaint is known to both parties, so I won't repeat all the details here.

In summary, Mr N says he came across Centaur Asset Management (CAM), a company registered outside the UK, over six years ago and initially invested £25,000 in an income bond which isn't part of this complaint. He also says that when that first bond matured, he was contacted by CAM again in June 2018 and was persuaded to re-invest the matured funds and a further £25,500 into a new income bond paying 12% interest per annum.

The new bond was funded by two international payments from RBS, one for £20,000 on 6 June 2018 and one for £5,500 on 7 June 2018. The bank statements provided show Mr N went on to receive monthly interest on his investments until September 2019, at around which time CAM notified him that it could no longer pay.

A complaint was raised and referred to the Financial Ombudsman in December 2022. Our Investigator considered it but didn't uphold it. He found there was insufficient evidence to say Mr N had been scammed and it was more likely Mr N lost money to a high-risk unregulated investment. He added that, even if he could conclude Mr N had been scammed, there was little information available at the time on which RBS could have provided a specific warning and that would have prevented Mr N's losses.

Mr N disagreed, so the matter has been escalated 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.

Having done so, I've decided not to uphold it for the reasons set out below.

- As our Investigator has previously mentioned, not every complaint referred to us and labelled as a scam is in fact a scam. And although some businesses may have used sales and promotional practices that might seem unfair to customers, this doesn't necessarily amount to the high legal threshold of fraud. Similarly, where a business is unable to pay returns on an investment, that doesn't necessarily mean it set out with the express intention of defrauding its customers or that its actions meet the high burden of proof for fraud.
- This is important because I'd only fairly and reasonably expect a bank (or a payment services provider) to intervene on a payment and protect its customers from the risk of financial harm due to fraud, where its customers are actually being scammed. The

expectation to intervene isn't triggered on payments made to a legitimate investment. A bank is under no obligation to protect its customers from bad investments.

- I've considered the reasons Mr N has given for believing he was the victim of a scam, namely that CAM made false representations about the bond being secure and was not authorised to provide investment services in the UK. I've also considered the evidence around the negative Trustpilot reviews and the social-media support group that was set up for CAM customers in similar circumstances as Mr N. It's completely understandable for investors who haven't seen a return and who are possibly facing the prospect of losing their investment to feel aggrieved by what has happened.
- But none of these things necessarily mean CAM was operating a scam at the time Mr N made his payments – and, on the evidence, I'm not persuaded that it was. I've searched the official organisations that publish warnings about businesses operating in the UK and internationally and I can't see any warnings relating to CAM from either the Financial Conduct Authority (UK's financial services regulator) or the International Organization of Securities Commission (the international body that brings together the world's securities regulators). On the other hand, the information available indicates Mr N was dealing with a legitimate company that was and is still registered in Bermuda. An internet archive search further shows that as recently as 2019 CAM's website said it was approved and authorised by the Bermuda Monetary Authority – the regulator in that jurisdiction. It's unlikely a scammer would submit itself to any kind of regulatory oversight given the risk of its true purpose being discovered.
- I note Mr N has also suggested that CAM took money for bonds that never existed – but that's not supported by the fact that the bonds were listed with the Bermuda Stock Exchange (BSX). I also note monthly updates have been published on BSX since 2019 to say the bonds were suspended amid liquidity concerns and that legal action was then started by CAM against some of its 'affiliates' who issued debt for financing their projects. These are not actions commonly used by a scammer either.

In summary, I can understand Mr N's concerns. But there's insufficient evidence here to show he was scammed – as a result RBS can't be held liable for his losses on the basis that it didn't do more to stop the payments. For completeness, even if I were to accept Mr N was scammed and RBS should have intervened by asking questions about the payments, there would have been little at the time to suggest CAM was operating a scam. So, any warning from RBS to carry out further research into the business wouldn't have yielded results that, on balance, would have stopped Mr N from going ahead with the investment. Instead, it's likely that by that point Mr N would have been reassured by the returns he'd been receiving from his previous bond. It's important to add here that Mr N's complaint is against RBS not CAM. I've no jurisdiction over CAM so I can't consider if it acted fairly and reasonably in the way its bonds were sold or gave false promises as to the associated risks.

### **My final decision**

For the reasons I've explained above, 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 31 January 2024.

Thomas Cardia  
**Ombudsman**