

The complaint

Mr and Mrs W complain about Nationwide Building Society. They say that they fell victim to a scam and would like Nationwide to refund the money they have lost as a result.

Mr and Mrs W have used a representative to bring their complaint, and the loss arises from a joint account. But, for ease of reading, I'll mostly just refer to Mr W where I mean both him, Mrs W and the representative.

What happened

Mr W invested in a property development company I will refer to as 'H'. He made four payments towards this from his joint Nationwide account. Three of these payments took place on 13 December 2019 and were for £9,000, £9,000 and £7,000. A further payment was made on 19 November 2020 for £1,250. I understand that the later payment was a reinvestment of the proceeds from the initial investment.

The investment was supposed to pay returns of around 12% per month over the course of the investment. However, Mr W now believes that he has been the victim of a scam – and would like Nationwide to refund him the money he has lost. Nationwide looked into Mr W's claim but didn't refund him his loss – they said that H was a genuine firm that entered administration, and so Mr W wasn't entitled to a refund.

Unhappy with this response, Mr W made a complaint to this Service. Our Investigator looked into things but didn't think that Nationwide should refund Mr W his money. Mr W disagrees and has asked for an Ombudsman to review his complaint.

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 have decided to not uphold this complaint. I know this will be disappointing for Mr W, so I'll explain why.

It isn't in dispute that Mr W authorised the payments he made to H. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that he is liable for the transactions. But he also says that he has been the victim of an authorised push payment (APP) scam. Nationwide at the relevant time was signed up to the voluntary CRM Code, which provided additional protection to scam victims.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an 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 set out the definition of an APP scam as set out in the CRM Code 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.”

I've therefore considered whether the payments Mr W made to H fall under the scope of an APP scam as set out above. Having done so, I don't think that they do. I'll explain why in more detail. In order to determine if Mr W has been the victim of a scam, I have to consider if his intended purpose for the payments was legitimate, whether the intended purposes of Mr W and H were broadly aligned and, if not, whether this was the result of dishonest deception on the part of H.

Based on the evidence available to me, it appears Mr W was intending for the funds to be invested in specific building projects around the country. He then expected to receive regular returns on his investment of around 12%. I see no reason why Mr W would not have thought this was a legitimate investment.

I've gone on to consider whether H's intended purpose for the payments aligned with what Mr W intended. I've seen evidence that three building projects were completed by H. They also had other projects ongoing, however these had to be sold to other developers after they entered financial difficulty. On balance, I think this shows H was most likely a legitimate company involved in legitimate building projects, and I think it's unlikely a scam company would have completed three large scale building projects at significant cost in order to entice more funds from investors.

Mr W's representatives have said H paid unregulated introducers a high level of commission which in turn made the level of interest offered to investors unlikely. They felt that a credit event was inevitable in the circumstances. However, whether or not unregulated investors were used to introduce the investment does not indicate that H set out to defraud investors of their funds, with no intention to invest the funds into building projects. And while I have not seen evidence of the levels of commission paid to introducers, I don't think there is a correlation between the level of commission and Mr W being the victim of a scam in the circumstances. It should be noted that the liquidator for H has not provided any evidence to suggest they were acting fraudulently or operating a Ponzi scheme. They are still in the process of investigating a significant number of transactions made from H to various subsidiary companies, due to the way in which H's network was set up. However, at the moment there is no indication that these transactions were made with the intention of hiding these funds and not using them towards development projects. During this period in question, H were completing development projects around the country, and I think this highlights that they intended to use customer's investments in these development projects.

On balance, I think H's intended purpose for the funds aligned with Mr W's and nothing I have seen indicates to me that H intended to defraud him. Instead, I think it's more likely this was a failed investment. So I don't think it meets the definition of an APP scam. And I think Nationwide acted reasonably when they treated the case as a dispute.

Mr W's representatives have also highlighted that they believe Nationwide should've intervened (under the CRM Code or otherwise) due to how unusual the payments were. They've suggested that had they done so, the payments would've been prevented. I've considered this and I do understand the argument that has been presented. But, Nationwide's obligation to intervene in payments is only engaged where there is a fraud, scam or the misappropriation of funds to protect against. And as I'm concluding that most likely isn't the case here, they didn't need to do more than they did before following Mr W's payment instructions. Nationwide aren't required to intervene to provide investment advice or to try to prevent bad bargains.

It is possible that further evidence may come to light at a later date, which may indicate H were operating a scam. Should such evidence come to light, then Mr W can complain to Nationwide again, and refer the matter to this office, should he not be happy with the outcome.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 26 September 2025.

Richard Annandale
Ombudsman