

The complaint

Mr H complains Nationwide Building Society ('Nationwide') won't reimburse £20,000 which was lost when he says he fell victim to an investment scam.

What happened

The background to this complaint is well-known to all parties. So, I will only provide a brief overview of some of the key events here.

In early 2019 Mr H came across an investment opportunity with a company I'll refer to as A. Mr H decided to invest £20,000 with A, where he knew his investment was into bonds and that he would receive interest payments plus a return of his capital after several years. He says he was reassured by A as it appeared professional and knowledgeable. Mr H also says A informed him they were regulated by the Financial Conduct Authority ('FCA'). Upon investing, Mr H received an immediate bonus of £350 from A which he says was paid into a separate account.

Mr H says he was expecting his investment to mature in 2022, and when he began to enquire about this and when his initial investment wasn't returned, he says he realised he'd fallen victim to a scam.

A complaint was raised to Nationwide through Mr H's professional representatives. Nationwide rejected the complaint advising they considered the matter to be a civil dispute.

Our investigator rejected Mr H's complaint. Mr H was unhappy as he still believed he'd been the victim of a scam which Nationwide could have prevented. As agreement couldn't be reached, the case has 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.

In doing so, I'm reaching the same outcome as our investigator and for broadly the same reasons.

I'm very mindful that the evidence that's been presented here is extremely limited. Beyond Mr H's testimony and recollection of events, no physical evidence has been provided to this service relating to his interactions with A.

It's important to set out that the starting point at law is that a customer is responsible for any payments made from their account which are properly authorised. And when an authorised payment instruction is received, it's incumbent on the account provider to process it as quickly as possible and with minimal friction. This position is set out in the Payment Service Regulations (2017).

Mr H's representative has raised the Contingent Reimbursement Model (CRM) Code within its submissions. But it's not relevant here as the payment made by Mr H pre-dates the introduction of the CRM Code. Furthermore, the payment Mr H made was a debit card payment and not an Authorised Push Payment (APP), which is also another reason why the CRM Code isn't relevant here.

When simply executing authorised payments, Nationwide do not have to protect customers against the risk of bad bargains or give investment advice. However, Nationwide is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. And where a firm fails to do so, and a customer goes on to suffer an otherwise avoidable loss to a scam, then it might be fair and reasonable for the firm to reimburse the customer for that loss.

Reimbursement, however, would only be due if it could be evidenced that a) a scam had taken place (rather than, as Nationwide has said, that the payment was the subject of a civil dispute) and b) that the loss could have been prevented had the firm intervened.

I then need to consider whether A was a legitimate but failed investment company (thereby meaning Mr H have a civil dispute with A), or whether there is sufficient evidence to show it was more likely than not A was operating a scam, and always intended to steal Mr H's money, when he invested. Having done so, I'm not persuaded there is sufficient evidence to show A was operating a scam.

That said, Mr H's payment in this instance was made to a company I'll refer to as H1 – who are an FCA regulated firm. Mr H has provided no evidence that supports why his payment was going to H1 instead of A. Though he has explained that A told him H1 was a sister company and held onto deposits by clients and that they were regulated to do so by the FCA.

In any event, from what Mr H has explained, he intended to invest with A and the payment made to H1 facilitated that. And as a result, he received an immediate bonus of £350 from A which was paid into a separate account.

From what Mr H has explained, A hasn't delivered what was promised – that being a return of his initial investment in 2022. I would note however that I'm mindful that Mr H had his bonus paid into a separate account and we've seen no evidence presented that would indicate whether or not Mr H received the interest payments he said he would. And I haven't seen sufficient evidence that Mr H's loss was the result of A's intention to steal the money from the outset.

A is a limited company that was incorporated in 2016 and filing accounts up until it entered compulsory liquidation in late 2024. Information in the public domain explains A took a change in business direction following shareholder agreement in March 2022 where all investments were converted into Equity in the company. However since then the company has ceased trading and advises investors that it is still committed to maintaining its continued effort to recoup and return as much value as possible for the existing shareholders.

Indeed, my own research hasn't resulted in any compelling information to show A was fraudulent. Investigations continue outside of this service, such as those being carried out by the liquidator. But I've no evidence from any such parties to show A was operating a scam. It might be that changes in time and new material evidence may become available. Should

that be the case, Mr H would be able to ask Nationwide to reconsider the matter and may be able to refer a complaint back to this service should they be unhappy with its response.

But as it stands, I'm not persuaded there is sufficient evidence to show a scam has taken place. And so, I'm satisfied that Nationwide's response to Mr H's claim was fair and reasonable.

Ultimately where I'm not satisfied that a scam was in operation, I can't fairly say that Nationwide needed to do anything differently when the payment was made. That's because Mr H hasn't evidenced there was a risk of financial harm associated with him making the disputed transaction, that Nationwide then ought to have acted to try and prevent.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 October 2025.

Mark O'Connor
Ombudsman