DRN-5403914

## The complaint

Mr R complains that Nationwide Building Society has not refunded the money he lost to what he believes was a scam.

## What happened

In 2020 Mr R invested in a business involved in renewable energy, which I'll call P. Mr R met a representative of P in person and was provided with significant information and documentation about the investment.

Mr R invested £25,000 (made as three payments form his nationwide account on 25 June 2020), believing he would earn fixed returns of 18% over ten months. Mr R did not receive any returns, and P entered liquidation in 2024. At this stage Mr R realised he may have been the victim of a scam, and raised his concerns with Nationwide via his representative.

Nationwide asked Mr R for some further information about what had happened but when it did not receive this information it said it was unable to investigate the claim.

Unhappy with Nationwide's response, Mr R brought the complaint to this service and one of our investigators looked into things. But having thought carefully about the evidence available, they thought that this was most likely a civil dispute rather than a scam, meaning that Mr R would not be entitled to a refund of his loss.

Mr R remained unhappy, he maintains that P was operating a scam. As no agreement could be reached, this case has been passed to me for a decision.

## 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 and having thought very carefully about all the evidence provided by both parties, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Mr R but, whilst I'm sorry to hear of what's happened, and appreciate the significant impact this has had on him, I don't think I can fairly hold Nationwide liable for his loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I understand that Mr R feels he has been the victim of fraud, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than fraud or a scam) for a dispute to exist between two parties.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which Nationwide signed up to and which was in force at the time the relevant payments were made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether Nationwide therefore ought to reimburse Mr R under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

*"…a transfer of funds…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 quite explicit that it doesn't apply to all push payments. It says:

*"DS2(2) 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."*

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including Nationwide) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Mr R has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that P set out with an intent to defraud Mr R.

I say this as P appears to have been a legitimate business, which was registered on Companies House, and which had been in operation since July 2019. And despite the claim that P was acting fraudulently we have been provided with no clear evidence to support that claim, other than that Mr R did not receive returns on his investment. Mr R has commented that there was an active proposal to strike P off Companies House register, but that is not an indicator that P was a scam, there are many reasons why such action may be taken. Mr R has also commented that the investment was unregulated, but while that may have meant it was high risk it, again, does not mean that it was definitively a scam.

With all of this in mind, I consider that based on the evidence currently available P was most likely attempting to operate as a legitimate business at the time Mr R made his investments. I acknowledge that Mr R ultimately did not receive the returns he was promised, but there are many reasons, other than fraud, why a legitimate business may be unable to meet its obligations. A business may act unprofessionally but still be carrying out legitimate business, or it may begin to experience financial difficulties which mean it cannot meet its commitments. And this service isn't in a position to forensically analyse P's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that P set out to defraud Mr R.

I know this will be a huge disappointment to Mr R, but for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold Nationwide responsible for the money lost under any of the other relevant regulations or guidance.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 September 2025.

Sophie Mitchell
**Ombudsman**