

The complaint

Mr and Mrs H complain that Nationwide Building Society haven't reimbursed losses suffered as a result of an investment scam.

What happened

The background to this complaint is well-known to all parties, and so I'll only briefly summarise events here.

Mr and Mrs H were looking to source new investments in 2020. They moved away from a previous financial adviser and started to search online. They were then approached by someone from what I'll call Company B.

Investment options were discussed and Company B explained what it could offer. It explained that the investments it offered and recommended were backed by an FCA regulated firm called Northern Provident (not a party to this complaint).

Mr and Mrs H looked into Northern Provident and could see it was a legitimate and FCA regulated firm. And they could see it did offer services outlined by Company B. So Mr and Mrs H went on to invest, sending a total of £39,690 via Northern Provident for what I'll call Investment H.

All seemed to be going as planned and Mr and Mrs H invested more funds into Investment H. These later payments aren't a part of this complaint, as Mr and Mrs H acknowledge they did receive what was promised.

Company B laid out further investment opportunities for Mr and Mrs H. These included what I'll refer to as Investment C and Investment S. Mr and Mrs H decided to go ahead with these options. The amounts sent were:

- Investment C - £17,000 – January 2021 – this investment was referred to as a bond, with funds being sent to the bond issuer;
- Investment S - £28,000 – January 2021 – funds sent via Northern Provident.

Whilst things to go well initially, including Mr and Mrs H receiving some returns across the investments, that didn't last. Speaking broadly, to cover common themes, communications became less and less frequent before terminating entirely, instructions weren't followed, queries went unanswered, and ultimately Mr and Mrs H didn't get what was promised. The companies behind the investments all ceased trading and/or largely disappeared.

I've included the detail of the three investments here as they all play a part in the circumstances of the complaint. But this complaint is specifically about Investment H.

Mr and Mrs H reported what had happened to Nationwide when they realised things had gone wrong and they believed they'd been scammed. Nationwide considered what had happened but said it didn't consider Mr and Mrs H had been the victim of a scam. Instead, it said they'd been unfortunate participants in three failed investments. So it said it wouldn't reimburse any of their losses.

Mr and Mrs H were unhappy with Nationwide's answer and so brought complaints to our service.

One of our investigators looked into Mr and Mrs H's complaint involving Investment H and recommended it be upheld. He felt there was sufficient evidence to show Investment H was operating as a scam. He went on to say Nationwide ought then to reimburse Mr and Mrs H's loss under the provisions of the Contingent Reimbursement Model (CRM) Code.

Whilst Mr and Mrs H accepted, Nationwide did not. It didn't believe there was sufficient evidence to show a scam had taken place. And it felt the involvement of Northern Provident as initial recipient of the payment meant the CRM Code didn't apply.

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.

Having done so I'm upholding the complaint.

I'm going to set out relatively brief findings here. That's not because I haven't considered the relevant evidence and information, I have. But I'm conscious that the outcome has already been explained very clearly by our investigator. It's also the case that this service has considered many complaints involving Investment H. Nationwide has previously received outcomes upholding these complaints, confirming Investment H to be a scam and also explaining why the involvement of Northern Provident doesn't prevent the application of the CRM Code. It's also accepted informal outcomes in respect of these scams, so I am somewhat unclear as to why it now wishes to have final decisions issued.

And whilst this service does consider every complaint on its own merits, we do also expect firms to learn from the decisions we issue and publish.

Are the payments made covered by the CRM Code?

Nationwide is a signatory to the CRM Code which is in place to see the victims of scams reimbursed in most circumstances. But it won't apply to all payments made from a customer's account.

Once findings were issued by our investigator, Nationwide argued that the CRM Code wouldn't apply because payments were sent to Northern Provident and not direct to Investment H. Nationwide considers that the involvement of a genuine intermediary (where the funds were passed from Mr and Mrs H to Northern Provident on to Investment H) means the definition of an APP scam isn't met.

The involvement of a genuine intermediary does not exclude the possibility of the CRM code applying. The CRM code doesn't require the initial recipient of a payment to be an account owned by and for the benefit of the fraudster. Here I'm persuaded the funds were under the control of the fraudster at the point they arrived at the intermediary (Northern Provident). Mr and Mrs H do not appear to have a customer relationship with the intermediary. And I'm satisfied that the intermediary was acting on behalf of Investment H and not the consumer. The money was out of Mr and Mrs H's control and so the payments made here are capable of being covered by the provisions of the CRM Code.

It is also necessary for me to determine whether Investment H was operating a scam. If it wasn't then the CRM Code still wouldn't apply, as it isn't in place to see losses recovered from civil disputes such as failed investments.

I'm satisfied Investment H was being operated as a scam. These points won't be new to either Mr and Mrs H or Nationwide. Our investigator set these out clearly and so I'll simply repeat them here:

- The previous director behind Investment H has been disqualified as a director on Companies House for eight years by the secretary of state. He was also the director of other companies that our service is persuaded operated as a scam.
- The venture that Investment H claimed to be involved with have issued a list of shareholders on Companies House and Mr and Mrs H aren't named on this list in respect of the payments that are the subject of this complaint. This means I haven't seen any evidence to persuade me that the funds were used as Mr and Mrs H thought they would be or as was agreed.
- The FCA issued a warning about one of the director's other companies.
- Police Scotland are now investigating the director, Investment H, and other linked companies.
- Ultimately there's no evidence which demonstrates that Mr and Mrs H's funds were used in the manner agreed or prescribed by the businesses.

I've considered the other circumstances that surround this investment, including that Mr and Mrs H were listed as shareholders on Companies House for later payments made. That indicated part of the promise behind Investment H was delivered and so those payments likely wouldn't qualify as a scam (noting, importantly, that I am making no findings in respect of those payments). But it is still true Mr and Mrs H haven't received what was promised in full from the further payments to Investment H. And so I don't find this, or other factors, to outweigh the persuasiveness of the points I've set out above in establishing Investment H as a scam for the purpose of the payments subject to this complaint.

Do any exceptions to reimbursement apply?

The CRM Code sets out some potential exception to reimbursement that a firm like Nationwide may choose to rely on, if it can evidence one or more apply. Those exceptions can be generally expressed as follows:

- Did Mr and Mrs H ignore an effective warning which was delivered by Nationwide at the point payment was made?
- Did Mr and Mrs H hold a reasonable basis for belief they were making a payment to a legitimate party for legitimate purposes?

Nationwide has set out little to no argument or evidence as to why either exception ought to apply. It's briefly referred to the fact payments were made in branch and so the cashier would have gone through payment screens which would have included a warning. But there's no evidence provided as to what any warning might have been. And so the exception to reimbursement can't be relied upon.

It's also questionable, given the involvement of an FCA regulated firm, whether an effective warning would have prevented the scam. Mr and Mrs H might well have moved passed it, and that would seem to have been reasonable in the circumstances.

That point on the involvement of Northern Provident also informs my findings on the 'reasonable basis for belief' question. I consider that would have been a very influential and persuasive factor for Mr and Mrs H in terms of legitimacy. They've said as much. And they could see the venture supposedly being invested in did exist and operating as explained by Company B and Investment H.

I'm then satisfied that there are no applicable exceptions to reimbursement.

Conclusion

I'm satisfied the CRM Code applies to the payments made towards this scam and that no exceptions to reimbursement apply. It follows that Mr and Mrs H's claim under the Code

ought to have been successful. In turn it is fair and reasonable for Nationwide to now compensate Mr and Mrs H to the effect of a successful claim.

Putting things right

On Mr and Mrs H's acceptance, Nationwide must:

- Reimburse the £39,690 lost to the scam (minus any returns received);
- Pay interest on that sum at 8% simple interest per year, calculated from the date the claim was declined to the date of settlement.

My final decision

I uphold this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 20 November 2025.

Ben Murray
Ombudsman