

The complaint

Mr L complains Nationwide Building Society (“Nationwide”) has not reimbursed the funds he believes he lost to an investment scam.

What happened

Mr L came across an investment opportunity in a company I will refer to as “H”. H had several different building projects they were providing investments for. Mr L invested £75,000 with H between 8 May 2019 and 20 January 2021. All of the investment payments were sent from his accounts at Nationwide. However, H went into administration in December 2021.

Mr L now believes he has been the victim of an investment scam and that H set out to defraud him.

Mr L raised a scam claim with Nationwide and it issued a final response on 20 March 2025 saying it thought Mr L’s circumstances most likely amounted to a civil dispute, rather than a scam, and it declined to reimburse Mr L’s loss.

Unhappy with Nationwide’s response to his complaint, Mr L referred the matter to this service and one of our investigators looked into things.

Our Investigator reviewed Mr L’s complaint and, in the main, considered it under the provisions of the Lending Standards Board’s Contingent Reimbursement Model (“CRM”) Code. Having done so, they agreed Mr L’s circumstances most likely amounted to a civil dispute between Mr L and H and because of this, they didn’t recommend Nationwide refund Mr L now.

Mr L’s representative disagreed with the findings and provided a detailed response. They raised a number of points, including that H paid high levels of commission to introducers and that the rates of return being offered by H were indicative of a scam / Ponzi scheme. However, their additional points did not change our investigators mind.

As an informal agreement could not be reached, the complaint was passed to me for a final 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.

Mr L’s representatives have provided detailed submissions to this service in regard to Mr L’s complaint. However, in keeping with this service’s role as an informal dispute resolution service and as our rules allow, my intention is to focus here on the points I find to be material

to the overall outcome of Mr L's complaint. This is not meant to be a discourtesy to Mr L and I want to assure him I have considered everything he has submitted carefully.

I am also aware that Mr L has submitted a number of complaints to Nationwide about payments made to a number of different investments which he now believes to be a scam. This decision relates solely to Mr L's complaint about the payments he made to H.

So, having carefully considered all of the evidence available to me, I agree with the outcome reached by the investigator, for the same reasons. I'll explain my decision in more detail below.

It isn't in dispute that Mr L authorised the payments now under discussion here. Because of this, the starting position – in line with the Payment Services Regulations 2017 – is that he is liable for them in the first instance. However, that isn't the end of the story. Nationwide has signed up to the voluntary CRM Code, which provides additional protection to scam victims in all but a limited number of circumstances.

All but one of the payments Mr L made to H were covered by the provisions of the CRM Code. The first payment he made was not. So, I will firstly address whether Nationwide should've identified this payment as potentially fraudulent and spoken to Mr L about it before it was allowed to leave his account - and whether this could've prevented Mr L's loss.

The first payment

This payment amounted to £25,000 and was made on 8 May 2019.

I agree with Mr L's representatives that Nationwide should've got in touch with Mr L to discuss this payment with him before it was allowed to leave his account. It's not clear based on the evidence provided to me whether this payment was discussed or not. However, even if Nationwide had contacted Mr L to discuss the payment before it left this account, like I think it should've done, I'm still not persuaded this would've resulted in Mr L's loss being prevented. I say this because I don't think there would have been anything to suggest at the time that Mr L was falling victim to a scam. It seems most likely that Mr L was entering into a legitimate investment with a genuine company. So, there would have been no reason for Nationwide to have declined to make the payment on Mr L's behalf.

I take on board what Mr L's representatives have said about the rate of return being offered to Mr L being indicative of a scam / Ponzi scheme. However, I'm also aware that the documentation sent out at the time in regard to this investment set out that it was high-risk and all assets could be lost. So, I think it would have been clear at the time that, whilst the rate of return being offered was high, there was still a chance the investment could fail. I also have to bear in mind that it appears H was completing large scale building projects as it said it was. And so for these reasons, I think any proportionate questioning by Nationwide would have likely assured it that H appeared to be a genuine company providing a genuine investment. I therefore don't think it is reasonable to say that Nationwide could have prevented Mr L's loss in regard to this payment now.

For completeness, I also don't think Nationwide could have done anything to recover these funds from the recipient account. Given that it was several years after the payment that Mr L first raised his concerns, and that H had gone into liquidation by that time, I think it very unlikely that any funds would have remained for recovery.

The remaining CRM Code covered payments

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 L made to H meet the definition of an APP scam as set out in the CRM Code. Having done so, I don't think they do. I'll explain why in more detail below.

In order to determine if Mr L has been the victim of a scam, I firstly have to consider if his intended purpose for the payments was legitimate, whether the intended purpose he and H had in mind for the payments was 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, which is particularly limited in relation to Mr L's case, it appears he was intending for his funds to be invested in building projects and he expected to receive returns between 10% and 15% (although I haven't been provided with any paperwork to support this). At the time, H was registered on Companies House and had been incorporated since 2011. So, I see no reason why Mr L would not have thought this was a legitimate investment at the time.

I've gone on to consider whether H's intended purpose for the payments aligned with what Mr L intended. I've seen evidence that three building projects were completed by H. It also had other projects ongoing; however, these had to be sold to other developers after it began suffering financial difficulties. On balance, I think this shows H was a legitimate company involved in legitimate building projects. I think it's unlikely a scam company would have completed three large scale building projects, at significant cost to itself in terms of money and time, in order to entice more funds from investors.

I also haven't been provided with any evidence from any external organisation which concludes H was operating fraudulently. Administrators have referred to completing a bank account analysis looking into the movement of funds within H's bank account. However, this analysis has now been completed and no further details have been provided.

I'm aware that H hasn't filed audited accounts. I have also noted the inaccuracies highlighted by Mr L's representatives in respect of the accounts that have been filed. But I'm not persuaded this evidence goes far enough to demonstrate that H operated fraudulently.

In the absence of the kind of evidence I have referred to above, I consider that Mr L has provided evidence of financial mismanagement but not of an intention to defraud from the outset.

I also want to acknowledge what Mr L's representatives have said about H paying unregulated introducers a high level of commission. However, whether or not unregulated introducers 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 L being a victim of a scam in the circumstances.

On balance, I think H's intended purpose for the funds aligned with Mr L's and I haven't seen any persuasive evidence that supports H intended to defraud him. Instead, I think it's more likely this was a failed investment. So, I don't think what happened to Mr L meets the CRM Code definition of an APP scam. It therefore follows that I think Nationwide has acted reasonably when considering Mr L's claim and declining to provide him with a refund under the CRM Code.

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

Vulnerability

Finally, I understand that Mr L's representatives have said he was particularly vulnerable to the scam they feel H was perpetrating. However, as I have determined the payment cannot be considered under the CRM Code, Nationwide was not required to automatically reimburse Mr L if he was found to be vulnerable as set out in the Code. And while outside of the Code, in relation to Payment 1, we would expect a bank to make reasonable adjustments and treat vulnerable customers fairly, I've seen no indication that Nationwide was aware of Mr L's vulnerabilities to be able to make reasonable adjustments as and where needed.

I'm really sorry to disappoint Mr L, I know he's lost a significant amount of money. But I'm not currently satisfied that I can fairly ask Nationwide to refund his loss based on the evidence that is currently available to me.

My final decision

For the reasons set out above, I do not uphold this complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 January 2026.

Emly Hanley Hayes
Ombudsman