

The complaint

Mr D complains Nationwide Building Society ('Nationwide'), hasn't reimbursed him following an Authorised Push Payment ('APP') investment scam he fell victim to. He says Nationwide should reimburse him for the money he lost.

Mr D has brought the complaint with the assistance of a professional representative. For ease of reading within this decision, I will refer to Mr D in the main.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

Mr D was looking to invest as he was due to come into proceeds from the sale of a property. He was introduced to an investment company – which I'll refer to as 'Company B', by a long-term friend. Mr D's friend had been receiving mentoring/attending training courses and events ran by a property business training and wealth education company – which I'll call 'Company A'.

Mr D says the director/owner of Company A informed him and other people about Company B advising he had invested as had his family, colleagues and friends and they were all doing well from it. Mr D says lots of people who received mentorship or attended Company A's online seminars invested with Company B. Due to the recommendation from Company A's director and seeing other people do well and get returns as expected, Mr D decided to invest also.

Mr D's understanding was that he would enter into a 'managed fund agreement' with Company B, on the basis that his funds would be used for general investment purposes (stocks and shares and Foreign Exchange 'Forex' trading) and repaid in full after an agreed fixed term. Mr D's initial agreement was to loan Company B £10,000 for a fixed term of 12 months with Company B repaying this principal amount to Mr D, with profit/interest payable on the unpaid principal at 20%. Mr D transferred £10,000 on 28 August 2019 to the account details Company B provided and his agreement with Company B subsequently commenced on 1 September 2019.

Mr D received statements from Company B, which showed his investment to be going reasonably well and as expected. Following the proceeds of the property sale coming through, Mr D decided to invest further with Company B.

On April 2020 Mr D made 18 faster payments of £10,000 totalling £180,000 to Company B. The agreement was the same as before – so a 'managed fund agreement' for 12 months with Company B repaying this principal amount to Mr D, with profit/interest payable on the unpaid principal at 20%. And at the end of the term Mr D could either instruct the 'Trading Agent' to keep the principle sum and any profit in the account for a further period of time with a new or amended agreement arranged or request some or all of the principle sum and any profit to be returned.

In 2022, Mr D was living abroad and needed to withdraw some of his funds. Company B paid him some amounts monthly (in April, May and June 2022) until Mr D's investment was due to be paid out. Mr D received a total of £12,912.75 from Company B.

Company B stopped making any payments, and Mr D says he was informed Company B had entered into administration.

Mr D, through his professional representative, reported the matter to Nationwide in February 2024 to try and recover his funds or be reimbursed his loss under the Lending Standards Board ('LSB') Contingent Reimbursement Model Code ('CRM Code'). This was a voluntary code which was in force at the time and which Nationwide was a signatory to. The CRM Code required firms to reimburse customers who had been the victims of APP scams in all but a limited number of circumstances.

Nationwide issued its final response to Mr D on 7 March 2024. It considered that the payments Mr D had made were as a result of a failed investment rather than fraud and amounted to a civil dispute between Mr D and Company B.

In reaching its outcome it noted:

- Company B was registered with Companies House on 30 October 2019, and administrators were appointed on 12 October 2022.
- The administrators report, as logged with Companies House, says that for the first year of trading Company B made profits but after this point the investment strategy was unsuccessful, and Company B incurred losses of £40,000,000.
- Mr D's payments were made on 28 August 2019 and 6 April 2020 – which is within the first year of Company B trading.
- Mr D made payments of £190,000 but received some returns.
- It is not aware of any evidence from any regulatory body or Court to show that the directors of Company B have acted with fraudulent intent.
- Whilst it did not intervene on any of the payments, even if it had, it would have been made aware that the payments were going to a real UK company and, if available, it would have been able to see the Company B was making profits during the period Mr D's payments were made and Nationwide is unable to make comment on the suitability of any investments.
- It will review the case again if the outcome of investigation by law enforcement or other statutory body concludes that Company B acted with fraudulent intent.

Unhappy with the response, Mr D referred the matter to our service.

One of our Investigators looked into the matter and upheld Mr D's complaint in May 2025. In short, they explained that they considered Mr D had fallen victim to a scam orchestrated by Company B. The Investigator acknowledged there was an ongoing police investigation into Company B, but considered there was enough evidence to suggest Company B was more likely than not operating as a scam – and this was based on a number of factors. And while there was an ongoing police investigation, they did not think it was fair for Nationwide to wait for the outcome of any police investigation to be concluded, before making a reimbursement decision under the CRM Code. They therefore assessed the complaint under the CRM Code and did not think any exceptions to reimbursement applied.

They therefore recommended a full refund of the payments Mr D made less the returns he received (so reimbursing Mr D his outstanding loss of £177,087.25), as well as 8% simple interest from the date Nationwide declined Mr D's claim under the CRM Code until the date of settlement. They also considered that Nationwide could take an assignment of rights to any funds returned to Company B's investors, via the police investigation, before paying the award.

Mr D accepted the findings, however Nationwide did not. In short, Nationwide disagreed and considered within the Investigators view – it was stated that some of the funds paid to Company B (around £4.7 million) were invested, and it is not known whether Mr D's funds formed part of that amount. So, in essence pointing out that if Mr D's funds were used towards investment, then it supports its position that it was a failed investment and Mr D wasn't the victim of a scam.

Our service, due to data protection laws, was unable to share with Nationwide specific information about the beneficiary account(s), such as the statements we had obtained – as they had been provided by the relevant beneficiary banks in confidence to allow our service to discharge our investigatory functions, which is to enable the determination of the complaint as to whether Company B was likely operating a scam. But I'm aware that a summary of Company B's accounts and its income and expenditure was provided to Nationwide in July 2025.

As an informal agreement could not be reached, the complaint has been 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Nationwide was a signatory to the CRM Code. It required firms to reimburse victims of APP scams in all but a limited number of circumstances. Nationwide consider the matter to be a civil dispute between the parties – which is not something covered by the provisions of the CRM Code.

This is the main point of dispute – whether Company B was operating as a scam or not. Nationwide considers there is an ongoing police investigation into Company B with no indication of what the likely outcome of that investigation is going to be. And it considers it's appropriate to review the case again if the outcome of investigation by law enforcement or other statutory body concludes that Company B acted with fraudulent intent. So, I have considered whether it would be appropriate to delay my decision in the interests of fairness, as I understand that the police investigation is still ongoing.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

In order to determine Mr D's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mr D was the victim of a scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mr D first raised his claim with Nationwide in February 2024, and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mr D an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm aware the above ongoing processes might result in some recoveries for Company B's investors. In order to avoid the risk of double recovery, I think Nationwide would be entitled to take, if it wishes, an assignment of the rights to all future distributions to Mr D under those processes in respect of this investment before paying anything I might award to him on this complaint.

For the reasons I discuss further below, I don't think it's necessary to wait for the outcome of the ongoing police investigation for me to fairly reach a decision on whether Nationwide should reimburse Mr D under the provisions of the CRM Code.

In order to reach a decision, I've considered the definition of an APP scam under the CRM Code. Under DS1(2) an APP scam is defined as:

“...a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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.”

DS2(2)(b) explains that the CRM Code does not apply to:

“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”

The CRM Code only applies if the definition of an APP scam is met, as set out above. As I've also set out above, the CRM Code doesn't apply to private civil disputes.

So, it wouldn't apply to a payment made for a genuine investment that subsequently failed. As there's no dispute that Mr D's funds were transferred to the intended recipient, I don't consider section DS1(2)(a)(i) of the definition to be relevant to this dispute. Therefore, in order for there to have been an APP scam, Mr D must have transferred funds to Company B for what he believed were legitimate purposes, but which were in fact fraudulent, as set out in section DS1(2)(a)(ii).

I've therefore considered whether or not Mr D's intended purpose for the payments was legitimate, whether or not the intended purposes of Mr D and Company B were substantially aligned and, if not, whether or not this was the result of dishonest deception on the part of Company B.

Mr D transferred a considerable sum of monies to Company B which he believed would be used for general investment purposes (stocks and shares and Foreign Exchange 'Forex' trading) and repaid in full after an agreed fixed term. Mr D believed Company B was a legitimate company and that his purpose for paying Company B was legitimate also.

I've then considered whether there's convincing evidence to demonstrate that Company B's purpose for the payments was fraudulent. That is, whether Company B's purpose must have been to misappropriate Mr D's funds or otherwise deprive him of his money, rather than to use it for the purpose believed by Mr D.

It's evident that Company B had some features that gave it the impression of operating legitimately. There are those individuals associated with Company B who held in-person meetings and online events to promote the investment. And many people who lost money had been introduced to the scheme through personal recommendations (sometimes by people who'd successfully withdrawn significant 'profits' from the scheme).

However, I've found the following facts to be persuasive evidence that Company B was operating as a scam:

- Company B received around £28,000,000 in investment funds – however, of these funds, only around £4,700,000 appears to have been invested (so less than 17% of funds received) – and of this money invested, Company B made a loss of around £600,000.
- Despite this low proportion of investment, Company B still paid out around £19,000,000 to investors (so around 68% of capital received). Therefore, it seems a large proportion of 'returns' investors were seeing weren't in fact investment returns – but funds provided to Company B by other investors.
- It therefore seems that Company B was providing funds to investors to provide the impression that it was performing as expected, the likely intention of which was to obtain further investment into what was an overall scam.

- Additionally, while not all payments were made directly to Company B, we've seen evidence that notable proportions of payments made to other firms were passed on both to Company B and other firms under the same director, with little to no evidence of genuine trading activity.
- It also appears Company B misled investors about the need to be authorised by the Financial Conduct Authority ('FCA'). It said in the managed fund agreement that this was a 'Private Investment Fund' and as such clients acknowledge and accept its not subject to the regulations of the FCA. However, Mr D as a general member of the public, was a retail investor, and as such shouldn't have been the target market for such an investment, if it was indeed a Private Investment Fund. Furthermore, it's our understanding, given Mr D's status as a retail investor, that Company B ought to have been authorised when it wasn't.

Turning to Nationwide's concern. I accept that Company B did transfer approximately £4.7 million to a trading platform. So, I can understand Nationwide's concerns that some/all of Mr D's funds may have been used for the intended purpose of trading. However, the trading platform has been unable to provide this service with Company B's trading records. This means we can't say for certain what happened to the funds once they were transferred to the trading platform. So, I must consider what's most likely to have happened to those funds.

I acknowledge it's possible the funds were traded on behalf of Mr D and other investors in Company B. However, it's also possible that those funds were simply withdrawn from the trading platform without ever being traded, or traded for the sole benefit of Company B. The trading platform has confirmed that Company B traded using credit it received from the trading platform. So, it's also possible that funds sent to the trading platform were used to pay off debt Company B had accrued through poor trading decisions, rather than being traded for the benefit of investors.

Of the £4.7 million Company B sent to the trading platform (less than 17% of the investment capital Company B received from investors), only £4.1 million was returned to Company B, indicating a trading loss of £0.6 million. Despite this trading loss, Company B paid out approximately £19 million to investors as returns. So, this strongly suggests it is most likely that the large amount of money Company B paid to investors as returns wasn't funded by legitimate trading activity and was, instead, funded using new investors' funds, giving the false appearance that Company B was running a successful forex trading investment enterprise. The evidence suggests to me that Company B wasn't a legitimate investment opportunity and was, most likely, an APP scam. So, I can't say that any funds sent to the trading platform were, more likely than not, used for the purpose in which they were intended to be used. To my mind, investors, like Mr D, were dishonestly deceived about the very purpose of the payments they were making and the evidence of funds being sent to a trading platform does not, in my opinion, demonstrate Mr D's funds were traded on his behalf as intended.

Taking into account all of the above, I'm satisfied, on the balance of probabilities, that the money that was intended for and sent to Company B by Mr D was not used for its intended purpose. The evidence suggests that Mr D wasn't involved in a failed investment but a scam.

Returning to the question of whether, in fairness, I should delay reaching a decision pending developments from external investigations, I have explained why I should only postpone a decision if I take the view that fairness to the parties demands that I should do so. In view of the evidence already available to me, however, I don't consider it likely that postponing my decision would help significantly in deciding the issues. There is no certainty that any prosecutions will result from the police investigations nor what, if any, new light they would shed on the evidence and issues I've referred to.

So, as I'm satisfied Mr D has most likely been the victim of an APP scam, I've considered whether he should be reimbursed or not under the CRM Code.

Is Mr D entitled to reimbursement under the CRM Code?

I've considered whether Nationwide should reimburse Mr D under the provisions of the CRM Code. There are generally two exceptions to reimbursement:

- Mr D made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or Company B was legitimate.
- Mr D ignored what the CRM Code deems to be an 'Effective Warning'

And importantly, when assessing whether it can establish these things, Nationwide must consider whether they would have had a '*material effect on preventing the APP scam*'.

I have considered whether Mr D had a reasonable basis to believe Company B was legitimate and was providing a genuine investment product.

In doing so, I have considered how Mr D was introduced to Company B. I consider this to be a key factor in considering whether Mr D held a reasonable basis of belief when making the payments to Company B. Mr D was introduced to Company B by Company A – who are a legitimate company and had been running for a number of years with the director of Company A providing mentoring to Mr D's long-term friend of 35 years. I'm also mindful here that the director/owner of Company A had already invested, as seemingly had his family and friends. Mr D was shown the successes of investing with Company B and saw the returns of those who had already invested. So, I can understand after seeing and hearing first-hand about Company B by the director of Company A and by other investors, coupled with those individuals having already invested and with things seemingly running as planned and returns being received, why it would have seemed a genuine investment company and opportunity to Mr D.

I also have to take into account that Mr D initially invested £10,000 – and that investment seemed to be doing well and was gaining returns, but not at the expected 20%. So, I think seeing others ending up with returns promised and seeing his initial £10,000 gathering returns I can further see why Mr D was satisfied Company B was legitimate and why he proceeded to invest a further amount.

When I consider how Mr D was introduced to Company B and think about the sophistication of this scam such that others like those at Company A promoted investing with Company B, I can further understand why Mr D felt the investment was a genuine one at the time.

I accept some of the claims made by Company B about the returns it could generate seem unlikely. Here, both of Mr D's agreements were to provide him with 20% in interest at the end of a year. But, and importantly, alongside this I also have to weigh up what Mr D had been told about Company B by others, and what he had seen others seemingly get back in returns and how their investments were doing. I think the sophisticated aspects of the scam and the recommendations he received from those he trusted, outweighs the concerns that Mr D perhaps ought to have had about the returns being claimed.

I've also taken into account that even now, with the benefit of hindsight and evidence surrounding Company B, there is still a dispute regarding whether Company B was a scam or not. So, I think it would be unfair to suggest that Mr D ought fairly and reasonably to have realised this at the time.

On balance, I think there was enough to reasonably convince Mr D at the time that this was a genuine investment company. With this in mind, I don't think Mr D made the payments without a reasonable basis of belief that Company B and the investment itself were genuine.

I have also considered whether Nationwide can rely on the exception to reimbursement that Mr R ignored what the CRM Code deems to be an 'Effective Warning'. However I am also mindful the CRM Code explains that a firm, in assessing whether an exception to reimbursement applies such as ignoring an effective warning, has to take into account whether it would have had a '*material effect on preventing the APP scam*'. Here Mr D had no reason to believe that Company B wasn't a genuine investment company at the time. So, I think it is fair to say that any warning Nationwide provided wouldn't have had a material effect on preventing the scam, such as Mr D's belief in things and that Company B was a legitimate investment company. So, I do not think an exception to reimbursement can be applied for this reason in any event.

With the above in mind, I don't think any of the exceptions to reimbursement under the CRM Code apply here. It follows that Nationwide should re-imburse Mr D's outstanding losses in full.

Outside the provisions of the CRM Code, I consider it unlikely that any intervention by Nationwide at the time of the payment would have positively impacted Mr D's decision-making. I don't think either party would have likely uncovered sufficient cause for concern about Company B at the time such that Mr D would have chosen not to proceed.

Summary

Overall, I do not consider it necessary to await the outcome of the ongoing police investigations into Company B and any subsequent proceedings that may happen as a result. I am satisfied, based on the evidence available, that Mr D was more likely than not the victim of an APP scam. And his fraud claim is therefore covered by the provisions of the CRM Code. I'm also satisfied no exceptions to reimbursement under the CRM Code apply. So, it follows that I'm satisfied Nationwide should reimburse Mr D under the provisions of the CRM Code. And Nationwide is entitled to take, if it so wishes, an assignment of the rights to all future distributions to Mr D under any processes relating to the police investigation and any potential compensation that may be returned to victims.

Putting things right

I uphold this complaint. Nationwide Building Society should pay Mr D:

- The outstanding amount he lost to the scam orchestrated by Company B, that being £177,087.25 (which is the payments Mr D made of £190,000 less the returns he received of £12,912.75); and
- 8% simple interest on that amount from the date it declined Mr D's claim under the CRM Code (which was 23 April 2024) to the date of settlement.

My final decision

For the reasons given above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 October 2025.

Matthew Horner

Ombudsman