

## **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.

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 – funds were 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. Northern Provident collapsed too.

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 C.

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 C but didn't think it should be upheld. He felt there was insufficient evidence to show Investment C

was operating as a scam and so said the protection of the CRM Code did not apply. He did uphold the complaints involving the other two investments, finding they had been scams.

Whilst Nationwide accepted the investigator's recommendations in respect of Investment C, Mr and Mrs H did not. They felt there was sufficient evidence of a scam, not least because Investment C had been introduced to them through the same channels as Investment H and Investment S.

The case was then passed to me to decide.

I explained to Nationwide my belief that the outcome for this complaint ought to change and that I was persuaded Investment C was a scam. I set out the following in support of that position:

- Mr and Mrs H's funds were paid to a pre-paid card account. I consider it highly unlikely a genuine and legitimate investment company would use such an account to conduct such business;
- I've seen evidence in the form of the receiving account statements (which I'm unable to share) which demonstrate that account usage was indicative of an investment and/or Ponzi scheme, which would be covered by the CRM Code. It's clear there is no legitimate investment activity that takes place on the account. No funds are ever sent to what would identifiably be an investment vehicle and there's no evidence to suggest the legitimate investment of client funds, or the ability to generate the promised returns.
- I can see Mr and Mrs H's money is quickly removed from the account, to be sent on to either individuals with no apparent connection to the registered business or to limited companies which can be described in the same way. One such company, a recipient of a significant proportion of victim money, is registered as an advertising agency. There is nothing to evidence the recipient's intention to use – or the actual use of – Mr and Mrs H's money in the way that they intended.
- It's also worth noting that the scammer's shifted the routing for funds away from Northern Provident (whom had previously been an intermediary) and into the account in question. To me that suggests the scammers were looking to gain more direct control of the funds, without Northern Provident's involvement as an intermediary.
- I can also see that the scammers Mr and Mrs H were dealing with have been connected to other scams carried out through Northern Provident, with Investment H, Investment C, and others companies and supposed investments all involved. This then lends further weight to the finding that those same individuals were more likely than not connected to other scam companies which were set up and operated in a similar way.

I went on to say that I was satisfied the CRM Code did apply and that Mr and Mrs H ought to receive a refund of their losses, plus interest at 8% simple per year.

Nationwide provided no substantive response, only asking for a final decision. I updated Mr and Mrs H on the position, and they accepted the revised findings. But as there isn't a mutual agreement, it's necessary for me to issue 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.

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. I have also explained the outcome to all parties

already, meaning this final decision is simply a confirmation of what's already been explained.

It's also the case that this service has considered other complaints involving Investment C. Nationwide has previously received outcomes upholding these complaints, confirming Investment C (along with Investment H and Investment S) to be a scam. Those outcomes have also explained why the involvement of Northern Provident (or other intermediaries) doesn't prevent the application of the CRM Code. It's accepted informal outcomes in respect of these scams, so I am somewhat unclear as to why it now wishes to have final decisions issued. The situation here is of course not helped by the fact Nationwide has provided no detail as to why it hasn't accepted the proposed outcomes.

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.

Nationwide argued that the CRM Code doesn't apply here as it believes Mr and Mrs H have been unfortunate investors into a failed but legitimate scheme. The Code doesn't cover such scenarios, which would be deemed a private civil matter.

I've already set out why I'm satisfied Investment C was a scam and not a legitimate but failed investment. I won't repeat that detail again. And as Nationwide hasn't provided any practical response to what I've said I see no reason to depart from my rationale.

#### *Do any exceptions to reimbursement apply?*

The CRM Code sets out some potential exceptions 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 no argument or evidence as to why either exception ought to apply. I don't know what, if any, warning was provided. Given the lack of evidence here Nationwide can't rely on the exception.

I don't find the reasonable basis for belief exception can be relied upon either. Mr and Mrs H were lured into these scams with the use of an FCA registered firm – Northern Provident – being a key draw. That was a major influence in their initial agreeing to work with Company B. And I think it was reasonable for them to put a good deal of faith in Northern Provident's involvement.

Whilst it wasn't then involved in Investment C, a position of trust had already been established with Company B. And Investment H seemed to be going well. So I consider it was reasonable for Mr and Mrs H to continue to trust Company B.

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 £17,000 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**