

The complaint

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

Mr B is represented in this complaint by a claims management company, but for simplicity I have referred to Mr B throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

In June 2023 Mr B was introduced to a Mr D, who worked for an investment company that will call 'C'. Mr D told Mr B about an investment opportunity with C where Mr B could invest in corporate bonds via an investment partner C had. Mr B was told he could receive returns of 5% and saw details of the returns other investors had made.

Mr B agreed to go ahead, and signed an agreement to invest £20,000. The agreement was that he would pay C and his funds would then be passed to C's investment partner where returns would be generated via trading through another third party. Mr B later agreed to invest another £15,000 in the scheme. In total Mr B actually made payments totalling £43,000 to C.

Over the next year Mr B received returns of £14,450 from C, but in November 2024 Mr D updated his clients with some information about the trading partner, he said they had breached their contract with C and that because of this he was unable to pay returns as promised. Mr B has said he has not heard any further from Mr D or from C, and he has received neither any further returns nor the return of his capital.

Mr B reported the matter to Nationwide, as he felt he had been the victim of a scam. Nationwide looked into what had happened but did not consider it had any liability for Mr B's loss, it says this is a civil dispute between Mr B and C.

Unhappy with Nationwide's response, Mr B brought a 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 between the parties involved, meaning that Mr B would not be entitled to a refund of the loss.

Mr B disagreed with the Investigator's findings. So, as no agreement could be reached, this complaint has been passed to me for review.

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, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for

Mr B 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 B 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 had 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 B 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 firms (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 B 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 C set out with an intent to defraud Mr B.

I say this for the following reasons:

- C and its trading partners all appear to have been legitimate companies, registered

on Companies House, and the trading parties are also authorised by the Financial Conduct Authority (FCA) to carry out certain activities.

- C was not FCA authorised, but as far as I can see it never claimed to be, it was clear that it operated privately.
- Although I can't share the exact details, I have seen C's account statements and those show that C did send Mr B's money on to its investment partners as promised.
- Mr B did receive returns on his investment for almost a year.
- I have found no clear evidence publicly available to suggest that C was operating a scam.

All of this leads me to consider that C was more than likely operating as a legitimate business. I acknowledge that Mr B ultimately did not receive the full returns he was expecting, and was unable to retrieve his capital from C, but there are many reasons, other than fraud, for why this may have happened. I also acknowledge that some of the information provided does suggest that C may not have always been acting professionally. But a business may act unprofessionally but still be carrying out legitimate business, or it may get into financial trouble and be unable to meet its obligations. And this service isn't in a position to forensically analyse C or its investment partners' actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that C set out to defraud Mr B.

I know this will be a huge disappointment to Mr B. I appreciate how strongly he feels about this case, and that he has lost a significant amount of money here. And I'm in no way saying that he doesn't have a legitimate grievance against C. 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 Mr B has lost.

My final decision

I do not uphold this complaint.

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

Sophie Mitchell
Ombudsman