

The complaint

Mrs W complains that Nationwide Building Society (“Nationwide”) won’t reimburse her after she fell victim to an authorised push payment (APP) scam.

What happened

In October 2019, Mrs W and her husband invested £20,000 in a company I’ll call ‘D’ who said it was investing in property development. This payment was made from an account held with another business. Mrs W says they were introduced to D by a family member who had met one of the directors at various industry forums and events.

In October 2020, Mrs W and her husband invested a further amount of £26,000 in D. The payment was made from Mrs W’s account with Nationwide. She says they realised D wasn’t a genuine investment opportunity when it got into financial trouble and appointed an administrator in mid-2022.

Mrs W complained to Nationwide in March 2024 and asked it to reimburse her funds under the Lending Standards Board (LSB)’s Contingent Reimbursement Model (CRM) Code (“the Code”). Nationwide said this was a civil dispute between her and D, so the payment wasn’t covered under the Code.

Our investigator upheld Mrs W’s complaint and recommended Nationwide to refund the £26,000 payment. Mrs W accepted the outcome, but Nationwide disagreed. It asked to see the specific evidence our Service had relied on to conclude that D was operating a scam. The investigator explained our service was unable to share specific information about beneficiary accounts, such as statements, as they had been provided by the relevant beneficiary banks in confidence to allow our service to discharge our investigatory function, i.e., to determine whether D was likely operating a scam. But a summary of D’s accounts as well as a summary of its income and expenditure were provided to Nationwide in July 2025. I also understand that a further copy was shared in September 2025.

As Nationwide continues to disagree, the matter has been passed to me to decide. This decision solely relates to the payment Mrs W made from her Nationwide account. Her complaint about the earlier payment made from another business is being considered separately by our Service under a different case reference.

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, I’m required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

In broad terms, the starting position in law is that a payment service provider is expected to process payments and withdrawals that a customer authorises, in accordance with the

Payment Services Regulations 2017 (PSRs) and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the provider to reimburse the customer even though they authorised the payment.

The CRM Code is of particular relevance to this case. It's a voluntary code which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. Nationwide was a signatory to the Code at the time the payment in dispute was made.

In order for me to conclude whether the CRM Code applies in this case, I must first consider whether the payments in question, on the balance of probabilities, meet the Code's definition of a scam. An "APP scam" is defined by DS1(2)(a) as:

"Authorised Push Payment scam, that is, 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."

If I conclude that the payment here meets the required definition of a scam, then Mrs W would be entitled to reimbursement unless Nationwide has shown that any of the exceptions as set out in R2(1) of the Code apply.

The LSB has said that the CRM Code doesn't require proof beyond reasonable doubt that a scam has taken place before a reimbursement decision can be reached. Nor does it require a firm to prove the intent of the third party before a decision can be reached.

So, in order to determine this complaint, I have to ask myself whether I can be satisfied, on the balance of probabilities, that the available evidence indicates that it's more likely than not that Mrs W was the victim of a scam rather than this being a failed or a bad investment.

Has Mrs W been the victim of a scam, as defined in the CRM Code?

The Code doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but hasn't received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier. So, it wouldn't apply to a genuine investment that subsequently failed. And the CRM Code only applies if the definition of an APP scam is met, as set out above.

I don't consider the first part of the definition quoted above (DS1(2)(a)(i)) is met in this case. This isn't in dispute. But what is in dispute is whether Mrs W's payment meets DS1(2)(a)(ii). So, I've gone on to consider if Mrs W's intended purpose for the payment was legitimate, whether the intended purposes she and D had were broadly aligned and, if not, whether this was the result of dishonest deception on the part of D.

From what I've seen and what Mrs W has told us, I'm satisfied that she made the payment with the intention of investing in property development. I haven't seen anything to suggest that she didn't think this was a legitimate venture – and as Nationwide argues this is a civil matter, it too seems to accept this.

I've then considered whether there is convincing evidence to demonstrate that the true purpose of the investment scheme was significantly different to this, and so whether this was a scam or genuine investment. The evidence before me suggests that when D first started, it was involved in property development, although it's not clear if all funds received were used for this purpose. But by the time Mrs W invested the disputed payment in October 2020, it was no longer operating in this same way.

From around April 2019, large sums were regularly being withdrawn for the benefit of D's directors and other funds were used to pay returns to existing investors. By 2021, D also had links to another company which our Service considers was most likely running a Ponzi forex investment scheme. D's investors' funds were diverted to accounts with this company, despite it purporting to offer a very different and much higher risk investment than what they had agreed to with D. While this was after Mrs W made her investment, I do consider it relevant to the extent that it provides evidence of D's willingness to deceive investors about the use of their funding.

Our Service is also aware that D's directors and this other company's directors formed a new company together at the same time as D's behaviour changed in 2019. So, this strongly indicates that D wasn't just choosing to invest some of its investors' funds in a different investment – which would still have issues as explained above. But instead indicates that D and this other company were working together at this time.

The evidence suggests D's ongoing property development costs were funded by its directors and D's existing property portfolio, whilst investment capital it received from investors was being diverted to this other company instead of being used for property development. And the funds sent to the company, mostly weren't being traded in forex – as it was likely operating a Ponzi scheme. Yet despite this, D was able to pay over £3.5m to investors as returns, which significantly exceeds the £1.7m income it received from rent and property sales.

Although Mrs W didn't receive any returns, it seems to be the case that any returns investors received were likely sent to encourage further investment, either from existing investors or new investors who were recommended the opportunity from others who had already invested.

Even if any of Mrs W's funds were used for the intended purpose of property development, given what I've said above, I'm satisfied that D was, most likely, operating a sophisticated scam. I consider it most likely D's purpose for the funds was different to what Mrs W understood and intended. And that this was because D intended to dishonestly deceive her and took the funds for a fraudulent purpose. As a result, I think the circumstances here meet the definition of a scam as set out under the CRM Code.

Is Mrs W entitled to a refund under the CRM code?

Under the Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam, like Mrs W. The circumstances where a firm may choose not to reimburse are limited and it is for the firm to establish those exceptions apply. R2(1) of the Code outlines those exceptions.

One such circumstance might be when a customer has ignored an Effective Warning. A second circumstance in which a firm might decline to reimburse, is if it can be demonstrated that the customer made the payment without having a reasonable basis for belief in a specific set of things.

Nationwide hasn't argued that it provided an Effective Warning. So, it can't apply this exception. As part of its submission, Nationwide hasn't indicated it believes Mrs W didn't have a reasonable basis for belief. I also don't consider this to be the case.

D was genuinely registered at the time Mrs W invested and there wasn't concerning information publicly available at this time. She was also introduced to the investment by a family member who had met one of D's directors on several occasions at industry forums and events, which would've given it credibility. In addition to doing her online research, Mrs W also joined a WhatsApp group about D to hear first-hand testimonials from other investors. I can understand why D would have seemed a genuine opportunity to Mrs W when she invested again in 2020. I'm therefore satisfied that she did have a reasonable basis for belief and so, even if Nationwide had sought to apply this exception, it wouldn't apply.

I can't see that any other exceptions to reimbursement could apply in this case. And as Nationwide hasn't established that any of the applicable exceptions to reimbursement under the Code do apply here, I'm satisfied it should refund the money Mrs W lost in full.

Putting things right

I don't think any intervention I reasonably would've expected Nationwide to carry out would have prevented Mrs W from making the disputed payment. This is because I don't think any of the information that I would've reasonably expected Nationwide to have known or indicated to Mrs W to research at the time of the payment would have uncovered the scam or caused significant concern.

As I consider that Nationwide should have accepted Mrs W's claim and reimbursed her under the provisions of the CRM Code, it should now pay 8% simple interest per year on the refund due from the date it declined her claim instead.

Therefore, in order to put things right for Mrs W, Nationwide Building Society needs to:

- Refund Mrs W £26,000 she lost from her Nationwide account as a result of this scam;
- Pay 8% simple interest per year on the refunded amount, from the date it declined the claim in March 2024 until the date of settlement.

As D is going through insolvency proceedings, it's possible that Mrs W may recover some further funds in the future. In order to avoid the risk of double recovery, Nationwide is entitled to take, if it wishes, an assignment of the rights to all future distributions in respect to the payment Mrs W made her Nationwide account under this process before paying the award.

My final decision

For the reasons given, my final decision is that I uphold this complaint. Nationwide Building Society needs to put things right for Mrs W as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 6 November 2025.

Gagandeep Singh
Ombudsman