

The complaint

Ms C complains that Yorkshire Building Society (YBS) won't refund her money she says she lost in an investment scam.

Ms C is being represented by a professional representative, but for ease of reading I'll just refer to Ms C.

What happened

The circumstances surrounding this complaint are well known to both parties, so I haven't repeated them in detail here. Instead, I've summarised what I consider to be the key points.

Ms C made an investment with a company I'll call U, in May and June 2019. She heard about the investment through a friend and she says she was shown the returns people had received from this investment in the previous year. She was led to believe that she would receive high returns on her investment, paid monthly. Ms C attended an introductory meeting and when she decided to invest, she was given receipts and an investment agreement and guarantee. Ms C says all of this helped to convince her the investment was genuine.

At first, the investment provided the expected returns and Ms C received a payment of £3,100 on 13 June and a payment of £8,295 on 11 July 2019. However, payments stopped after that and although she received emails from U and meetings were held with the directors, in which they blamed administrative difficulties and various other issues, U was eventually dissolved and Ms C's money has been lost.

Ms C has complained about two payments from her account with YBS:

Date	Amount	Payment type	Destination
22/05/2019	£17,000	Transfer	Payee 1
18/06/2019	£31,000	Transfer	Company U

Ms C complained to YBS on 12 March 2025. She thinks she has been the victim of a Ponzi scheme or similar type of scam. She says these were large and unusual payments that should have prompted YBS to pause the payments and contact her to ask her probing questions. She says YBS should have asked for copies of the documents and if it had properly investigated the payments, YBS would have uncovered the scam, due to features like the unrealistic returns quoted to her. It should have provided tailored advice and warnings, which she says she would have listened to. Overall, Ms C considers YBS was in a position to prevent her losses and is at fault for not having intervened.

YBS didn't uphold Ms C's complaint. It said there was little or no evidence to show that this investment was a scam. It is not a signatory to the Contingent Reimbursement Model (CRM) Code. It said the payments were not out of character for Ms C's account, with a number of large transactions having been made in the months before these two payments. It considered Ms C doesn't seem to have carried out enough research before investing.

Our investigator didn't think Ms C's complaint should be upheld. She thought there wasn't

enough evidence to show that Ms C had been the victim of a scam, rather than a bad investment. The payments from Ms C's account weren't unusual, in terms of size and frequency or payment destination. Even if YBS had intervened, she considered it was unlikely that it would have prevented Ms C from making the payments. That's because there were few signs that this was a scam. She had heard about the investment from a friend, she had met the people involved and she was dealing with a real company, registered on Companies House.

Ms C didn't accept the investigator's conclusions and so her complaint has been passed to me for an ombudsman's 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 broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case, it's accepted by all parties that Ms C authorised the payments and YBS made the payments in accordance with Ms C's instructions.

The Contingent Reimbursement Model (CRM) Code doesn't apply to Ms C's payments because YBS wasn't a signatory of the code. The first payment also took place slightly before the code came into effect, in any event.

I've also taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice. Having done so, I think YBS ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Having considered everything though, I'm not persuaded there is sufficient evidence to show that Ms C has been the victim of a scam, or that YBS is at fault for Ms C's loss. I'll explain why.

I agree with Ms C that there are some features of this investment that suggest it might have been a scam, but I don't think the evidence is sufficient for me to conclude it was a scam. For example, the returns that Ms C says she was told she would receive appear to be quite high with figures of up to 20% being mentioned, depending on the amount invested. The promise of high returns is often associated with scams. Ms C doesn't mention over what period these returns would be paid. The corporate guarantee documents she has provided are not written very clearly. They suggest a return of 10% per month, which appears to be in addition to the capital, but this isn't clear. It appears the money Ms C paid to U was to be used to buy cryptocurrency and Ms C would receive her initial investment, plus a fixed return on that investment, while the cryptocurrency would remain the property of the company. The payments Ms C made to U appear to have been, in effect, a loan to a small business and it was the business that was investing and keeping any profits, seemingly to generate a return to repay its loans. While that business model would appear to involve very significant risk, it doesn't necessarily mean this was a scam.

There is little information available online to indicate this was a scam and few details about the circumstances in which U was dissolved in 2023. I have found some negative information about some of the directors.

On the other hand, I do have copies of emails from U, apologising for difficulties in paying

returns and in returning capital and these went on for several months after the payments stopped. It appears investors were able to attend meetings with some of the directors of U and U was a real limited company, registered with Companies House. These features are not common to scams.

Overall, I'm not persuaded the evidence is sufficient to show that this was a scam, rather than a very high-risk investment that failed.

In terms of whether or not YBS did all it could have done and whether it should have intervened, I consider it is at least arguable that YBS ought to have intervened in both payments, but I agree with the investigator's overall conclusion that even if it had intervened, it's unlikely YBS could have prevented Ms C's losses.

These were large payments – the £31,000 payment on 18 June 2019 was particularly large. It's true that Ms C had made some large payments in April 2019, which appear to have involved moving money to another of her accounts following a house sale. These payments were for £128,000 and £23,000 on 8 and 9 April 2019. I might have expected YBS to have intervened on those transactions too, although they were not related to this scam.

As mentioned though, in any event I don't consider it's very likely that intervention would have led to Ms C doing anything differently. If YBS had intervened and if it had spoken to Ms C in relation to the payment on 22 May 2019, it might have established, for example, that Ms C was making an investment, on the recommendation of a friend, who had received returns from the investment and Ms C had attended meetings with representatives of the company she was investing in and received receipts and contracts. I doubt this would have caused YBS any significant concern that Ms C might be falling victim to a scam.

YBS probably would have warned her to research the company to make sure the company was genuine, but if she had carried out further research I don't think she would have seen anything negative about it. I haven't seen any particular indication there were any concerns about the company at the time and, as mentioned, it was a real company, registered with Companies House.

It's possible YBS might have asked Ms C whether she'd been promised high returns or warned her about companies that promised high returns. It's also possible YBS might have warned Ms C to check the FCA website to see if the company was regulated. Ms C might have mentioned that the investment involved cryptocurrency, which YBS would have told her wasn't regulated and was high-risk.

But I think the effect of such warnings is likely to have been tempered by her friend having received high returns from company U already and Ms C being aware of others who had received high returns. There's also no evidence company U held itself out as being regulated.

By the time of the second transaction, Ms C would also have received the first return on her original investment. This was a payment of £3,100 on 13 June 2019, five days before she made the second investment, which I think is likely to have added to her belief that this was a genuine investment and made it less likely any intervention would have been effective at this point.

Overall, while I understand that Ms C has lost a lot of money and this matter has caused her distress and despite my natural sympathy for her, for the reasons set out above, I don't consider there is sufficient evidence to show that Ms C has been the victim of a scam, rather than a failed, high-risk investment.

I also consider that even if YBS had intervened, while I can't know for certain what it would have asked and how Ms C would have responded, I consider it's unlikely to have stopped Ms C from investing. I say this because there was little information available at the time to indicate this might be a scam and bearing in mind Ms C was recommended this investment by a friend who seems to have received good returns on their investment, which would have made it seem genuine.

My final decision

For the reasons given above, I don't uphold Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 29 December 2025.

Greg Barham
Ombudsman