DRN-5796473

The complaint

Mr A complains that Nationwide Building Society won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

In mid-2020, Mr A says a friend of his told him about an opportunity to invest in a company which leased cars. He was told his investment would be used to fund a vehicle which would then be leased out, and that he would receive fixed interest payments each month. And, having checked online reviews and spoken to the company, he decided to invest and made two payments from his Nationwide account to account details he was given for the company.

I've set out the payments Mr A made below:

Date	Amount
24 July 2020	£10,000
25 July 2020	£4,000

Mr A received the monthly interest payments he was told he would until January 2021, but the payments then stopped and the car leasing company went into administration. Mr A then reported the payments he had made to Nationwide as a scam and asked it to refund the money he had lost.

Nationwide investigated but said this appeared to be a genuine company who had since entered administration, rather than a scam. So it didn't agree to refund the money Mr A had lost. Mr A wasn't satisfied with Nationwide's response, so referred a complaint to our service.

I sent Mr A and Nationwide a provisional decision on 17 July 2025, setting out why I wasn't intending to uphold the complaint. That provisional decision forms part of this final decision and is copied below:

"In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 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 bank to reimburse the customer even though they authorised the payment.

Nationwide is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr A has been the victim of a scam as defined in the CRM code I need to consider whether the purpose he intended for the payments was legitimate, whether the purposes he and the car leasing company intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the company.

From what I've seen, I'm satisfied Mr A made the payments here with the intention of investing with the car leasing company. I think he thought his funds would be used to fund a vehicle, and that he would receive returns on his investment. And I haven't seen anything to suggest that Mr A didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the car leasing company intended a different purpose for the payments, or that Mr A's and the car leasing company's purposes for the payments weren't broadly aligned.

Mr A received the monthly interest payments he was told he would receive for six months after the payments he made. And these interest payments only stopped shortly before the car leasing company entered administration. So it appears the investment was functioning as Mr A understood it would do up until this point.

Mr A was also told the repayment of his investment with the car leasing company would be secured by way of a legal charge registered over the vehicle he had funded. He was sent a document signed by one of the directors of the car leasing company, which set out the terms of the legal charge and the specific vehicle the charge was over. And the charge was registered in Mr A's name at Companies House, and still shows registered in his favour against one of the car leasing company's connected companies. So I think this suggests the car leasing company intended to, and did, provide the investment and security in line with its agreement with Mr A.

I understand Mr A has been told by the administrator of the car leasing company that they are treating the charge he received as invalid, as it was granted after the vehicle was sold by one of the car leasing company's connected companies to another. And he's argued the car leasing company deliberately registered the charge in a way that would make it invalid and so this should not be treated as evidence of it acting in line with its agreement with him.

But from what I've seen of the administrator's progress reports during the administration, the validity of the charges the car leasing company granted was uncertain for a significant period of time. The administrator has said they undertook a significant amount of work and applied for legal advice and directions from the court to determine how the charges should be treated. And the legal advice the administrator received said that the matter was very complex and not clear-cut, and counsel was unable to provide a definitive opinion.

So, even if it is now settled that the charges are invalid, which isn't certain, I think the fact that the administrators had to seek further guidance and took a number of years to come to an agreement suggests it was not clear cut that the way the charges were registered made them invalid. I'm not persuaded the administrators reaching the conclusions they did is persuasive evidence the car leasing company knew that registering the charges in this way would make then invalid or that it deliberately registered them in this way in order to avoid acting in line with its agreement with Mr A.

I therefore don't think the administrator treating Mr A's charge as invalid some years later necessarily means that the car leasing company didn't intend to provide the security in line with its agreement with him at the time.

I also appreciate that Mr A didn't receive all the returns he was told he would and has lost a significant amount of money. But companies can fail to meet the terms of agreements they have made and investments can fail to produce the expected returns for a number of reasons, that don't necessarily mean they have been operating a scam.

So I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the car leasing company intended for these payments was different than the purpose Mr A intended. And so I don't think the circumstances here meet the definition of a scam, or that Nationwide has acted unreasonably in not agreeing to refund the money Mr A lost from these payments as a result.

It's possible that material new evidence may become available at a future date, which suggests that the car leasing company did register the charge in a manner that would suggest it knew it would make the charge invalid. If that happens, Mr A can ask Nationwide to reconsider his claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

I'm sorry to disappoint Mr A, as I know he has lost a significant amount of money. But I'm not satisfied that I can fairly ask Nationwide to refund him based on the evidence that is currently available.

I'm also aware that the Financial Services Compensation Scheme (FSCS) is accepting customer claims submitted to it against the car leasing company's parent company. More information about the FSCS's position on claims submitted against the parent company can be found on the FSCS's website. Whether the FSCS pays any compensation to anyone who submits a claim to it is a matter for the FSCS to determine, and under their rules. It might be that the car leasing company's parent company has conducted activities that have contributed to the same loss Mr A is now complaining about in connection with the activities of Nationwide.

Our service and the FSCS operate independently, however in these circumstances, it's important that we and the FSCS are working together and sharing information to ensure that fair compensation is awarded. More information about how we share information with other public bodies can be found in our privacy notice on our website."

I said I'd consider anything further Mr A and Nationwide submitted following the provisional 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.

Nationwide responded to the provisional decision saying it accepted the outcome and had nothing further to add.

Mr A responded to the provisional decision, disagreeing with the outcome and making a number of points about why he felt the car leasing company had intended to defraud him. He said that the car leasing company generally only registered charges for investors who chased it to do so after their payments were made and that this suggests that, at the point of the payment, the company did not intend to fulfil this element of the investment.

Mr A also highlighted that our service has issued a number of decisions on cases involving other people who invested in the car leasing company, upholding those cases and requiring that those people's losses be refunded. And he argued that it is unlikely that the car leasing company intended to defraud some people but not others.

I'm conscious Mr A has lost a significant amount of money here and that the car leasing company didn't deliver what it was supposed to. I'm also aware that this service has issued findings for other complainants where we've concluded the car leasing company did intend to scam them and their losses have been reimbursed.

But I must consider Mr A's complaint on its own merits and, as I explained in my provisional decision, a legal charge was registered at Companies House in Mr A's favour. And I'm satisfied here that the provision of the charge over a vehicle is an important and persuasive consideration. I'm also conscious that there were numerous investors who contracted with the car leasing company over several years and received all that was promised, demonstrating that there were people the car leasing company appears not to have set out to defraud.

And so I still think the conclusions I set out in the provisional decision are correct. I appreciate that this decision will come as a disappointment to him, but I still don't think the circumstances here meet the definition of a scam or that I can fairly ask Nationwide to refund Mr A the money he has lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 October 2025.

Alan Millward
Ombudsman