

The complaint

Mr T complains that Nationwide Building Society ('Nationwide') hasn't refunded the money he believes he lost to an authorised push payment ('APP') scam.

Mr T referred his complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mr T throughout my decision.

What happened

The circumstances of this complaint are well-known to both parties and they were described at great length in our Investigator's opinion. So, I don't intend to set these out in detail again. However, I'll provide a brief summary of what's happened.

In June 2019, Mr T entered into a loan note with a company, which I'll refer to as 'M'. Between 31 May 2019 and 3 June 2019, Mr T sent four £10,000 payments to M from his account with Nationwide. The loan was due to be repaid by M after 36 months.

In August 2021, the Official Receiver commenced proceedings to place M into compulsory liquidation. And, as a result, Mr T hasn't received a refund of the money he lent to M, resulting in a loss of £40,000.

Believing M had scammed him, Mr T complained to Nationwide in May 2024 and asked for a refund. Nationwide rejected Mr T's complaint and declined to refund his loss. Nationwide said Mr T's loss was the subject of a civil dispute between him and M, which meant it wasn't responsible for reimbursing him.

Unhappy with Nationwide's response, Mr T referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, our Investigator said there wasn't sufficient evidence to reasonably conclude that M was an APP scam when Mr T made his payments. As a result, they weren't persuaded Nationwide could fairly be held responsible for refunding Mr T's loss.

Mr T didn't accept our Investigator's opinion. He argued that:

- his funds weren't used in a way that was consistent with his investment;
- he was misled about the investment, in particular the security of his funds;
- it was unreasonable to conclude that M wasn't an APP scam; and
- Nationwide didn't intervene when he made the payments.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Mr T has made some detailed submissions in support of his complaint. I've read and considered everything he's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm aware that our Investigator provided a detailed description of the available evidence when they informed Mr T that they didn't think M was an APP scam at the time he sent his funds. So, I've focused on what I consider to be the key pieces of evidence when deciding this complaint.

At the time Mr T made the disputed payments, Nationwide was signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams.

However, the CRM Code didn't apply to every APP which ultimately resulted in a loss for the customer. For Mr T's claim to be considered under the principles of the CRM Code, I'd need to be persuaded that it applies in his circumstances.

The CRM Code can only apply where the payment meets the CRM Code definition of an APP scam. The relevant definition for this case would be that Mr T transferred funds to another person (or company as is the case here) for what he believed was a legitimate purpose, but which was in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Mr T has been the victim of an APP scam in line with this required definition. As a result, I'm not persuaded it was unfair or unreasonable for Nationwide to conclude that Mr T's situation is a civil dispute between him and M. This means Nationwide isn't required to reimburse Mr T. I know this outcome will come as a disappointment to Mr T, so I'll explain why.

According to Companies House, M was incorporated in October 2018. The nature of its business was listed as "*Development of building projects*". It was part of a group of companies that claimed to be in the property development industry. The director of M explained, in January 2021, that M was created for the purpose of raising capital from investors for the group's property development projects.

The evidence Mr T has provided doesn't specify a particular project his funds were to be used towards. In essence, Mr T was loaning M £40,000 and it was for M to decide how best to use those funds. However, Mr T understood that his funds would be used by M towards its property development projects. So, I've carefully considered the available evidence to decide if M, more likely than not, intended to use Mr T's funds for this purpose.

As Mr T's funds weren't sent to M for a specific purpose, I've had to consider whether, on balance, there is evidence to suggest M was more likely than not engaged in (or intending to be engaged in) property development when it received Mr T's funds. And M's bank statements are a key piece of evidence here.

M's bank statements for the 12-month period after Mr T sent his funds, indicate that M received a substantial amount of money from investors. Some funds were used to repay earlier investors, and other funds have been moved to accounts in the name of other companies in the same group of companies as M. However, a vast majority of the funds appear to have been used in a way that was consistent with a property development company.

I accept that repaying earlier investors could be indicative of a Ponzi scheme. However, if M had a genuine intention to continue trading, this could be a legitimate way for M to refinance its debt – and, as I've explained above, Mr T's funds weren't paid to M for a specific purpose. It was for M to decide how to use those funds and I've not been persuaded the funds were, more likely than not, intended to be used for a fraudulent purpose.

I also accept that funds have been moved to accounts in the name of other companies within the group M was part of. There is evidence which suggests that M was incorporated to facilitate the raising of capital for the group's projects. So, I'd expect to see funds being moved to other companies within the group and so this doesn't concern me.

Overall, M's bank account statements don't persuade me that M was operating an APP scam at the time of Mr T's investment. Contrary to Mr T's allegations, I'm persuaded the way M has used investors' funds is consistent with a group of companies that was engaged in property development.

I appreciate that allegations have been made about M's conduct in promoting its investment opportunity. Mr T has said M produced misleading marketing material which gave the impression the investment wasn't as risky as investors were led to believe. I'm also aware that prior to Mr T's investment, the FCA published information on its website warning potential investors about the risks involved in the type of investment M was offering and that this might not have been a suitable investment for Mr T to engage with.

However, whilst Mr T might not have been fully aware of the risks involved in investing with M and the marketing material may have been misleading, this isn't enough to demonstrate M received Mr T's funds for a fraudulent purpose – i.e., that his funds were criminally obtained. For me to say M was more likely than not an APP scam, I'd need to see convincing evidence to suggest M didn't intend to use Mr T's funds for property development activity.

The evidence available does suggest that M started (and in some cases completed) property development projects, as well as being in the planning phase for other developments prior to Mr T's investment with M. And, Mr T hasn't provided any evidence to show that his (or other investors) funds weren't used for the intended purpose of property development.

I accept it's plausible that M was an APP scam and that it never intended to use Mr T's funds towards property development. However, it's also plausible that M did intend to use Mr T's funds for the agreed purpose but was unable to repay him because it fell into financial difficulty, which for a property development business could happen for a variety of reasons. In the circumstances, I'm not persuaded Mr T has demonstrated that it's more likely than not that M was an APP scam and not a failed investment. As a result, I've not been persuaded to conclude that M was an APP scam.

Mr T has argued that Nationwide failed to intervene when he made four large payments and that it ought to have provided investment scam warnings which might have prevented him from going ahead with the investment. However, as I've not been persuaded M was an APP scam, I'm not of the opinion that any potential failings during the payment process (for any of the payments) mean that Nationwide could reasonably be held responsible for refunding Mr T's loss.

I have natural sympathy for Mr T and the other investors in M who've lost money. However, I'm not persuaded there's sufficient evidence currently available to say M obtained Mr T's payments for a fraudulent purpose or that Nationwide acted unreasonably in treating Mr T's claim as a civil dispute between him and M.

I recognise that the circumstances may change in the future and new material evidence may come to light. Should that happen, Mr T may renew his complaint and ask Nationwide to reconsider his claim for a refund.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 November 2025.

Liam Davies
Ombudsman