

## The complaint

Mrs C is unhappy Nationwide Building Society won't reimburse money she lost as a result of a scam.

## What happened

Mrs C was introduced to some investors through someone she knew personally. In this decision I've referred to the investors, a limited company they were linked to and related entities as "V", though a limited company in the name of 'V' wasn't set up until January 2023.

Mrs C says she spoke to the person she knew, who was promoting the investment, and she found them to be very passionate and convincing. She was told that the investment involved foreign exchange trading through an FCA-regulated broker and that she could double her investment in 4-6 months and with compound interest, it wouldn't take long to make millions of pounds.

Mrs C was told that V never made big losses and rarely lost at all. She says that she researched its directors and found out that they had backgrounds in finance.

Mrs C made a series of payments between March and November 2022 to the personal account of an individual associated with V. The details of those payments (as well as apparent returns received from another individual associated with V) are set out below.

Date	Amount
11 March 2022	£10,000
11 March 2022	£10,000
11 March 2022	£10,000
5 July 2022	£2,500 (credit)
6 July 2022	£17,500 (credit)
8 September 2022	£10,000
8 September 2022	£5,000
5 October 2022	£10,000
5 October 2022	£10,000
10 November 2022	£10,000
10 November 2022	£10,000
10 November 2022	£10,000
17 January 2023	£6,000 (credit)
9 March 2023	£2,300 (credit)
<b>Outstanding loss</b>	<b>£66,700</b>

Around March 2023 Mrs C's investment accounts appeared to be frozen, with no withdrawals being allowed. Soon after this Mrs C saw an FCA warning published about V and reported the matter as a scam.

Mrs C, through a professional representative, referred the matter to Nationwide. It said that investigations into V were ongoing so it couldn't give an outcome to her claim.

Mrs C referred the matter to our service and one of our investigators upheld the complaint in full under the provisions of the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code") which required signatories like Nationwide to reimburse victims of authorised push payment ("APP") scams in all but a limited number of circumstances. Mrs C accepted our investigator's recommendation.

Nationwide didn't. It accepted, on balance, that Mrs C had fallen victim to a scam, but it thought that it should only reimburse half the amount Mrs C lost. In summary it said:

- She didn't take enough care before investing and should have carried out independent research, instead of relying on personal introductions.
- While there was little negative information online about V, there was very little information at all, which ought to have been a concern. A reasonable person would have consulted the FCA's register to establish whether V was authorised.
- Mrs C selected the incorrect payment reason for the first payment – 'friend or relative' and part of the message that she would have seen following that told her to go back and select 'investment' if that was the true purpose of the payment. This suggests Mrs C was 'potentially obstructive' and it is entitled to consider this under the CRM Code when deciding whether to reimburse.
- Had she selected the correct warning the scam might have been prevented.

As no agreement could be reached, the case was passed to me for a final 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.

I'm satisfied that, on balance, V was likely operating as a scam. Nationwide and Mrs C agree, so I don't need to comment on this point further.

Nationwide have also made an offer to reimburse 50% of Mrs C's loss. So, I just need to consider whether Mrs C should be reimbursed in full or not.

In order to fairly deny full reimbursement, Nationwide needs to demonstrate that one of the exceptions to reimbursement under the CRM Code applies. Of potential relevance here are:

- *In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was legitimate.*
- *The Customer ignored Effective Warnings, given by a Firm in compliance with SF1(2), by failing to take appropriate action in response to such an Effective Warning*

Nationwide say Mrs C chose the wrong payment reason when asked what the initial payment was for. That meant she didn't see a warning that was particularly relevant to her circumstances. While I acknowledge the warning that Mrs C saw was due to her own actions (rather than any fault by Nationwide), she can't have ignored an 'Effective Warning' if she did not see one. The warning she did see was not 'Effective' as it wasn't specific to investment scams. And I don't think that Nationwide can rely on R2(2)(b) to deny her claim. It allows firms to take into account:

*“whether, during the process of assessing whether the Customer should be reimbursed, the Customer has acted dishonestly or obstructively in a material respect.”*

This clause refers to dishonesty or obstruction during the process of assessing whether the customer should be reimbursed, not the events that took place during the scam.

So, I’m left to consider whether Mrs C had a reasonable basis for believing that V was legitimate.

I put some weight on the fact that Mrs C was introduced to the scam by someone she knew personally and that she held virtual meetings with an individual associated with V. And it wasn’t just Mrs C that invested – many others did – including one of her closest friends. Mrs C says that those friends had been able to withdraw more from V than they’d put in. Both the recommendation of a close friend and the fact they’d been able to successfully withdraw money (something that Mrs C was subsequently able to do too) would have been quite powerful factors in persuading Mrs C that the investment was genuine.

I accept that some of the checks that Mrs C made were fairly superficial in nature – she viewed the social media pages of people associated with V (although I haven’t been able to do the same) and looked up the broker that V was using (which was FCA-regulated). My impression is that Mrs C isn’t a sophisticated investor and didn’t have a very good understanding of how financial businesses are regulated.

There’s also no denying that the returns that V suggested it could make were very high – on the face of it – stretching what was reasonably possible. But I’ve noted that the returns were not described as guaranteed in the promotional literature that Mrs C was sent and she saw with her own eyes the returns that others were apparently making.

This was a scam that appears to have relied on personal introductions and connections – with individuals vouching for one another. As the individuals associated with V were not just identifiable but seemed to be personally linked to Mrs C, I can understand why she was willing to take some of their claims (such as those about V’s regulatory status and returns) at face value and why she thought that she could trust those involved in the scheme.

I’ve also taken into account that there has been considerable debate about whether V was operating as a scam. The operators of V went to some lengths to mask the fraudulent nature of the scheme and give it the impression of legitimacy, including by paying returns, providing promotional literature and an online portal, and associating itself with firms or individuals who were actually FCA regulated. And those features would have made it difficult for any warning provided by Nationwide to have realistically prevented the scam.

On balance, and after careful consideration, I think Mrs C did have a reasonable basis for believing that the scheme was legitimate and therefore she should be refunded in full under the provisions of the CRM Code.

In relation to interest, I think it should be paid from the date of the investigator’s view (14 August 2025) as that was the point that Nationwide was provided with sufficient information to allow it to reach the conclusion that V was operating as a scam.

It’s possible Mrs C may recover some further funds in the future. In order to avoid the risk of double recovery, Nationwide Building Society is entitled to take, if it wishes, an assignment of the rights to all future distributions in respect of this investment before paying the award.

If Nationwide Building Society elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mrs C for his consideration and agreement.

### **My final decision**

I uphold this complaint about Nationwide Building Society and instruct it to pay Mrs C:

- The outstanding loss from the scam, which I calculate to be £66,700.
- 8% simple interest per year on that amount from 14 August 2025 to the date of settlement, less any tax lawfully deductible.

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

Rich Drury  
**Ombudsman**