

The complaint

Ms F is unhappy Nationwide Building Society (“Nationwide”) won’t refund her all of the money she lost to an investment scam.

What happened

The detailed background to this complaint is well known to both parties. So, I’ll only provide a brief overview of some of the key events here:

In August 2022, Miss F fell victim to an investment scam. She was persuaded to invest £5,000 from her Nationwide account into a company I will refer to as “S”.

S was marketed as a provider of bespoke tailoring and Ms F was a personal acquaintance of S’s director – Mr A. Ms F says she was persuaded to invest in S after speaking with Mr A and after being provided with investment packs. Ms F was told her money would be used to purchase shares in S and that she could expect a return on her investment of around 50-90% within two years. Dividends would be paid after 12 months.

Ms F also invested a further amount from a third-party account but this has now been refunded by the account provider – (“H”).

Ms F didn’t receive any returns on her investment and it didn’t appear any shares in S were registered in her name. Ms F reached out to Mr A to question what was happening but Mr A did not respond and Ms F was eventually blocked.

Ms F reported what had happened to her to Nationwide and her other current account provider. – “H”. H provided Ms F with a full refund of the amount she had lost from its account but Nationwide declined to offer Ms F a refund for the amount lost from theirs. It said that it felt Ms F’s circumstances most likely amounted to a private civil dispute between her and S / Mr A rather than a scam it should become involved in now.

Ms F didn’t agree with what Nationwide said and so she brought her complaint to this service where one of our investigators looked into things.

Our investigator didn’t recommend the complaint be upheld. He agreed with Nationwide that Ms F’s circumstances most likely amounted to a civil dispute between her and S / Mr A.

Ms F did not agree and asked for an Ombudsman to review her complaint. Her case was passed to me to decide.

I reviewed Ms F’s complaint and I didn’t agree that Ms F’s circumstances most likely amounted to a civil dispute between Ms F and S / Mr A. I thought it most likely Ms F had been the victim of a scam and I wrote to Nationwide with my initial thoughts.

At this point, Nationwide agreed to offer Ms F a refund of 50% of her total loss. It declined to offer Ms F a refund of remainder as it thought Ms F, at the point of entering into the investment, lacked a reasonable basis for believing it was genuine.

I agreed that Nationwide's offer was most likely fair and reasonable. However, Ms F did not wish to accept the offer. She reiterated that she had invested into S in good faith and believed that she was due a full refund from Nationwide.

As an agreement could not be reached, I am now proceeding with my 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.

In broad terms, the starting position is that banks, like Nationwide, are expected to process payments that its customer authorises, in accordance with the Payment Services Regulations 2017, and the terms and conditions of the customer's account. But where a customer made a payment as a result of the actions of a scammer, it may sometimes be fair and reasonable for a bank to reimburse its customer, even though the payment was authorised.

Under the Lending Standards Board's Contingent Reimbursement Model ("the CRM Code"), which Nationwide was a signatory of, it should reimburse customers who are victims of authorised push payment ("APP") scams, except in limited circumstances.

As it appears that all parties are now in agreement that Ms F has been the victim of an APP scam, I have considered whether Nationwide should've reimbursed Ms F in full under the provisions of the Code.

The CRM Code

As Nationwide was a signatory to the CRM Code at the time the payment under discussion here was made, it was required to reimburse Ms F unless it could establish that it could rely on one of the listed exceptions to reimbursement set out in the CRM Code applied.

Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer ignored an effective warning by failing to take appropriate steps in response to that warning.

There are further exceptions outlined in the CRM Code that do not apply to this case.

Did Ms F have a reasonable basis for belief?

Under the CRM Code, Nationwide can choose not to reimburse Ms F if it can establish she didn't have a reasonable basis for believing that the investment she was entering into was legitimate. It isn't enough for Ms F to have believed that she was paying a legitimate

person/business for genuine goods or services, she had to have a reasonable basis for that belief. And having taken into account all of Ms F's submissions, I agree that Ms F lacked a reasonable basis for believing that the investment was genuine.

I recognise that for a layman who has little investment experience, there were aspects to the scam that would have appeared convincing. I've taken on board what Ms F has said about knowing Mr A personally and about him being charming and charismatic to the point that he was able to groom her into believing what he was telling her. I understand that Ms F was provided with an investment pack, that S had a convincing social media presence and was listed on Companies House. I've taken all of that into account when deciding whether it would be fair for the reimbursement due to Ms F be reduced by 50%. Having done so, I still think it should.

My intention is not to further Ms F's distress where she's already been the victim of a cruel scam. But despite some of the plausible aspects of the scam, I am satisfied that Ms F should've had serious concerns about what he was being told by Mr A from the outset and that she should've questioned the legitimacy of the supposed investment. Specifically, I've taken into account:

- Ms F didn't seek to independently verify the information she was being provided with by Mr A.
- The returns being offered on her investment and the timescale to receive them in were too good to be true. Ms F had been told to expect returns of between 50-90% within two years. And I'm not persuaded that this rate of return was plausible - especially given that the information presented in the investment packs showed S operating at a loss at the time Ms F invested. Publicly available information showed S as having assets of around £600.
- It's unclear, based on the information provided to Ms F in the investment packs, how S could've provided such returns. And there doesn't appear to be anything to independently substantiate what Ms F was being told by Mr A or how the investment would work.

Ultimately, I'm satisfied that what was being offered here was so unrealistic and unlikely that Ms F ought reasonably to have had significant concerns about the legitimacy of the opportunity that was presented to her. That, in turn, ought to have led to a greater degree of checking on her part as to whether what she was being told was legitimate.

So, overall, I've concluded on balance, that Nationwide can fairly reduce the amount it pays to Ms F. I agree that the offer already put forward by Nationwide to settle this complaint is fair and reasonable and won't be requiring Nationwide to increase its offer now.

For completeness, I also want to mention that I don't think there was anything Nationwide could've done to recover Ms F's funds. They had already been removed from the receiving account at the time Ms F reported being the victim of a scam. So, there wasn't anything Nationwide could've done to retrieve them on Ms F's behalf.

My final decision

For the reasons given above, my final decision is that Nationwide Building Society has already made a fair offer in resolution of this complaint.

Nationwide should now pay this amount to Ms F – if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 27 November 2025.

Emly Hanley Hayes
Ombudsman