

The complaint

Mrs O and Mr R complain that Nationwide Building Society (“Nationwide”) hasn’t refunded them after they fell victim to an investment scam.

What happened

I issued a provisional decision in October 2025 to explain why I thought Mrs O and Mr R’s complaint should be upheld. And I said I’d consider anything else anyone wanted to give me before proceeding with my final decision.

This is an extract from my provisional decision:

“Mrs O and Mr R were searching for investment opportunities online when they came across a business I’ll refer to as “S”. S was offering fixed-rate bonds.

Mrs O and Mr R were persuaded to invest £10,000 in S in November 2019 and they sent their funds via an intermediary which I will refer to as “A”.

Mrs O and Mr R did receive some monthly returns on their investment but the returns soon stopped and S became uncontactable before ultimately going into liquidation. Mrs O and Mr R weren’t able to recover their money so they reported the matter to Nationwide in 2024. Nationwide didn’t offer Mrs O and Mr R a refund of the amount lost and so they brought their complaint to this service.

It has since come to light that S (as well as another company – linked to S by its director) was shut down by the Insolvency Service for misleading investors and failing to co-operate with an investigation into the firms’ affairs. Furthermore, The Insolvency Service has advised that the Secretary of State has accepted an 8-year disqualification undertaking for the linked director.

Our investigator set out a detailed view explaining why they were satisfied Mrs O and Mr R had been the victims of an APP scam. And why they were satisfied this claim was covered by the CRM Code. Overall, the investigator thought there was enough persuasive evidence that this was more likely than not a scam. However, they didn’t think Mrs O and Mr R had a reasonable basis for believing the investment opportunity was legitimate when they entered into it so they recommended Nationwide return to Mrs O and Mr R 50% of their overall loss (taking into account any returns received) plus 8% simple interest.

Nationwide didn’t respond to our investigators opinion and so the case has been passed to me for a 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.

Having done so, I've come to the same conclusions as the investigator. I'll set out my findings in full below.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards. codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Nationwide is a signatory of the Lending Standard Board's Contingent Reimbursement Model Code. It has therefore agreed to adhere to its principles. The CRM Code requires firms to reimburse victims of APP scams in all but a limited set of circumstances.

The investigator set out their explanation for making the finding this was an APP scam (and therefore a claim caught by the CRM code) but for clarity I'll repeat the salient points here.

- The director of S (and the linked businesses) has been disqualified as a director on Companies House for eight years by the Secretary of State.*
- The director had failed to provide liquidators with accounting records for his liquidated businesses and has said he will not be providing these.*
- The FCA issued a warning about the linked businesses in March 2020 saying they were providing financial services without authorisation.*
- Despite saying S had assets of £34m, it never filed any accounts and wasn't independently audited at any point. There was also a further company that took over S, which also never filed any accounts, and the director was the same person. This company contacted investors to say their money would be safe despite the FCA regulated intermediary going into liquidation, and then it cut contact with all investors.*
- Police Scotland are now investigating the director, S and other linked companies.*
- In some instances, S' brochures claimed to have agreements in place with Edinburgh City Council to lease local authority properties – ECC have now confirmed to our service that it had no record of any such contract or agreement with S or the director.*
- There is no evidence to suggest S or the linked companies were operating legitimately. There is no evidence of any investments made. Some consumers received small monthly returns while others received no returns at all.*
- The Insolvency Service has also made comments following its investigation into S and the linked companies confirming investors were routinely deceived.*

Ultimately there's no evidence which demonstrates that victim's funds were used in the way they were told they would be. So, in the absence of any convincing evidence that S was carrying out investments for its investors, I'm persuaded that the payment under discussion here meets the definition of an APP scam, as per the CRM Code. Nationwide hasn't provided any persuasive evidence that S was operating legitimately.

Because I'm satisfied this is an APP scam and caught by the CRM code, I've gone on to apply the provisions of the Code below.

As I've said, the Code requires firms to reimburse customers who have been the victims of APP scams, in all but a limited number of circumstances. It is for Nationwide to establish that a customer failed to meet one of the listed exceptions set out in the CRM Code.

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

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning.*

- *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.*

Further exceptions are outlined in the CRM Code but do not apply to this case.

Did Nationwide meet the standards expected of a firm under the CRM Code?

The CRM code says that, where a firm identifies APP scam risks, it should provide “Effective Warnings” to their customers. It sets out that an Effective Warning should enable a customer to understand what actions they need to take to address a risk and the consequences of not doing so.

In this case, Nationwide hasn’t said whether or not Mrs O and Mr R were presented with an effective scam warning or not. It follows that it hasn’t been able to demonstrate that it has met the firms’ standards as per the CRM code.

Did Mrs O and Mr R have a reasonable basis of belief?

Nationwide have not provided any arguments that Mrs O and Mr R lacked a reasonable basis of belief when making this payment. And I don’t agree with the investigators’ findings that they didn’t. I say this because:

- *Mrs O and Mr R appeared to have engaged in some correspondence with S prior to completing an application to move forward with the investment. The emails shared between Mrs O and Mr R and S contain S’ logo and appear somewhat professional, directing Mrs O and Mr R through an application process prior to sending funds. I think this would have added an air of legitimacy as to the investment process for Mrs O and Mr R.*
- *Mrs O and Mr R appear to have found S online and based on what I know about S from the time, I’m persuaded that the information available about S would’ve appeared persuasive and convincing.*
- *I have not found any clear or compelling evidence from the time that would have revealed to Mrs O and Mr R that the investment opportunity was in fact a scam.*

Following this finding I’m not satisfied that Nationwide can rely on any exception to reimbursement under the CRM code, and I’m currently minded to uphold this complaint in full.

Overall, for the reasons set out above, I’m currently minded to say Nationwide should reimburse Mrs O and Mr R under the provisions of the CRM Code. Nationwide should compensate Mrs O and Mr R by:

- *Refunding Mrs O and Mr R their total losses minus any returns received.*

It appears Mrs O and Mr R received returns amounting to £1,500.

- *Pay Mrs O and Mr R compensatory interest on the above from the date their complaint was declined under the CRM Code to the date of settlement.”*

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.

Having done so, I'm minded to reach the same overall conclusion as I reached in my provisional decision. I'll explain why below.

Mrs O and Mr R responded to my provisional decision to say they accepted my findings. Nationwide responded to say it did not.

Nationwide requested that this service provide evidence of the basis on which "N" (an FCA regulated intermediary) held customers funds at the time Mrs O and Mr R's payments were made.

In some instances, investors sending money to S sent their funds via an FCA regulated intermediary – N. However, in Mrs O and Mr R's case, this isn't what happened. The payment that is the subject of this complaint was sent via a different intermediary – A. And so, I'm not persuaded that Nationwide's request for information in regard to N is relevant to the overall outcome I have reached on Mrs O and Mr R's complaint.

So, as neither party has put forward any new evidence or arguments for me to consider, I see no reason to depart from the conclusions I reached in my provisional decision.

Putting things right

Nationwide Building Society should now refund Mrs O and Mr R's total losses in full – taking into account any returns already received.

Nationwide Building Society should also pay Mrs O and Mr R 8% simple interest per year on each payment from the date their claim was declined to the date of settlement.

*If Nationwide Building Society considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs O and Mr R how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr R to accept or reject my decision before 11 December 2025.

Emly Hanley Hayes
Ombudsman