

## **The complaint**

Mrs G complains about Nationwide Building Society.

She says that she has been the victim of a scam and would like Nationwide to refund her the money she has lost.

## **What happened**

In November 2022, Mrs G was introduced to an investment opportunity with a company I will refer to as 'N' by a friend. She visited N's office in London and was told that she would be investing in a property development scheme paying 12% returns. She made two payments of £5,000 each into the investment.

Mrs G received one return of £10 – and N went into administration.

Mrs G now considers that she has been the victim of a scam and made a complaint to Nationwide about what happened with the help of a p third-party. Nationwide looked into her concerns but didn't think that her complaint should be upheld. It said that this was a civil dispute between Mrs G and N.

Mrs G then referred her complaint to our service and our Investigator looked into it. They explained that based on what is known about N, there was not currently enough to conclude this was a scam as set out in the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. So, they felt it was reasonable for Nationwide to treat this as a civil dispute.

Mrs G and her representative didn't accept this, so the complaint has been passed to me to make 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.

Having done so, I have decided not to uphold this complaint. I know this will be disappointing for Mrs G, and I am very sorry for the situation she finds himself in and fully understand that she would want to attempt to recover her money. But I need to decide whether Nationwide can fairly and reasonably be held responsible for this.

It isn't in dispute that Mrs G authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transaction. But she says that she has been the victim of an authorised push payment (APP) scam.

Nationwide has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM

Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

*...a transfer of funds executed across Faster Payments...where:*

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

*"This Code does not apply to:*

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've therefore considered whether the payments Mrs G made to N fall under the scope of an APP scam as set out above, and whether Nationwide was wrong in reaching the conclusion that this was a private civil dispute. Having done so, I don't think the evidence shows Nationwide was wrong to reach that outcome. I'll explain why in more detail.

This Service has also reached out to the receiving bank of Mrs G's money to see if there was any information which may indicate that a fraud or scam took place. I cannot share the information received due to data protection laws – but I can confirm that the way the account was managed does not show evidence that N as running as a scam.

Mrs G also haven't provided any information about N that shows that it was running as a scam – and there is not enough information in the public domain to support this either. I have not been provided with anything to suggest that Mrs G was lied to – or that her funds were not used in a way that was originally intended.

Of course, it is always disappointing when an investment doesn't go to plan – but not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk investments that resulted in disappointing returns or losses.

Certain high-risk investment traders may have promoted these products using sales methods that were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself, or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006). And while this service doesn't require a criminal test to be met in order to determine if, on a balance of probabilities, a scam has occurred, I do have to take into account that I haven't been provided with any persuasive evidence that a scam has actually taken place.

I do understand that Mrs G's representative has said that due to the high risk nature of the investment, Nationwide should have provided Mrs G with a warning – it is unclear if they mean that Nationwide should have done so under the CRM Code, however, while banks do have obligations to provide warnings under the CRM Code, the code is only applicable to scams – and as I have explained above, I don't have enough to say that Mrs G has been scammed in this instance.

While banks such as Nationwide are expected to process payments, they do also have a responsibility to look out for suspicious or unusual transactions that could be an indication that their customer may be at risk of financial harm.

Looking at the amount of the payments Mrs G made, I think that arguably there was justification for Nationwide to have got in touch with her before processing them. However, in order for me to uphold this complaint, I would have to think that an intervention regarding the payment would have prevented the loss that Mrs G suffered here, and I'm afraid that I don't think it would.

Had Nationwide contacted Mrs G about the payments, I think it would have asked her if it was her making the payment, and what the payment was for. Mrs G would have confirmed that she authorised the payment, and that she was making an investment in N. No information about N suggested it was a scam – and it wasn't for Nationwide to assess the suitability of a third-party high-risk investment.

Nationwide's role here was to make the payments Mrs G had told it to make. And I find that Nationwide couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Mrs G's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mrs G would've gone far beyond the scope of what I could reasonably expect of Nationwide in any proportionate response to a correctly authorised payment instruction from its customers.

It may be that in the future, information could potentially come to light that suggests N was actually running as a scam – if this is the case, then Mrs G can ask Nationwide to look at her complaint again, and if she is not happy with the answer, bring it back to this Service.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 3 March 2026.

Claire Pugh  
**Ombudsman**