DRN-6121374

The complaint

Miss B has an account with Nationwide Building Society (Nationwide). She made payments from this account to an investment that she now believes to have been the subject of an Authorised Push Payment scam (APP Scam).

At the relevant time, Nationwide was a signatory of a voluntary scam reimbursement code, under which it had committed to reimburse most customers who made a payment as the result of an APP Scam. Miss B complains that Nationwide will not reimburse her loss.

Miss B is being represented in this complaint. For clarity, I will treat any submissions from Miss B and her representative as being one and the same and attribute them to Miss B throughout.

What happened

This complaint concerns Faster Payments transfers made by Miss B from her Nationwide account in 2020 to what Miss B had believed at the time was a legitimate investment. The relevant transactions (including any related credits received by Miss B) are shown in the table below:

Date	Debits	Credits
09/06/2020	£10,000	
09/06/2020	£10,000	
09/06/2020	£10,000	
09/06/2020	£5,000	
23/06/2020		£4,200
24/11/2020	£1	
24/11/2020	£4,999	
24/11/2020	£10,000	
24/11/2020	£10,000	
24/11/2020	£10,000	
14/12/2020		£7,875
TOTALS	**£70,000**	**£12,075**

Miss B's payments were intended for an investment purporting to provide loan funding to a property development project. The specific project Miss B was investing in was the second of several which would be financed through a company (and related entities) I will refer to as 'Company P'.[1]

Miss B initially heard about the investment through a 'cold-call'.

[1] While the marketing material issued by Company P implied it had completed several previous projects by 2020 (see the examples listed on pages 20-21 of the Investment Memorandum issued to Miss B) this was in fact only the second development project undertaken by Company P and Company P had not completed any previous projects.

Prior to investing, she carried out her own research into the offer. Amongst other things, Company P provided her with the following:

- An Investment Memorandum document ('the IM');
- Professional valuation of the development scheme;
- The offer of an in-person site tour of the development.

Miss B also explains that she had spoken to representatives of the company, checked Companies House, checked with a credit agency, and checked reviews on a well-known online review platform (which she says were very positive).

Initially, it seems that all proceeded as Miss B had expected. The investment was due to pay an early 'return on investment' amount. Miss B was told this would be paid out of profits made from Company P's previous development project and represented an up-front payment of the interest she was due on her invested capital. The first such return was paid on 23 June 2020 (corresponding to the investment payments she made on 9 June 2020), and a second credit on 14 December 2020 (corresponding to the investment payments she made on 24 November 2020).

The term of these investments was one year. However, Company P did not return Miss B's capital in line with the terms of the investment. It later transpired that Company P (and the associated project companies) had entered administration, and ultimately that recovery of Miss B's funds through the administration process was unlikely.

Concerned that the investment might not have failed for legitimate reasons, but may in fact have been fraudulent, Miss B contacted Nationwide to report what had happened.

At the relevant time, Nationwide was a signatory of the Lending Standard Board's Contingent Reimbursement Model Code (the "CRM Code"). This was a voluntary code requiring signatory firms to reimburse victims of APP Scams in all but a limited set of circumstances.

Nationwide looked into Miss B's claim but declined to reimburse her for the money she'd lost. Nationwide didn't think Miss B had been the victim of an APP Scam and instead said she had a private civil dispute with Company P. The CRM Code did not apply to private civil disputes and so the CRM Code was not applicable to Miss B's payments.

Miss B did not accept this. Her complaint was referred to this service.

I issued my provisional findings on the merits of Miss B's complaint in my provisional decision, dated 16 January 2026.

In my provisional findings I explained why I intended to uphold Miss B's complaint in part and offered both sides the opportunity to submit further evidence or arguments in response.

An extract of that decision is set out below and forms part of this final decision.

> 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. Where the evidence is incomplete or missing, I make my findings based on the balance of probabilities — in other words what I consider is most likely given the information available to me.

As a starting point in law, Nationwide had a primary obligation to carry out the payment instructions it received from Miss B. That being said, fairly and reasonably, taking into account regulators' rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time these payments were made, I think Nationwide ought to have been on the lookout for out-of-character and unusual transactions and other indications that its customer might be at risk of financial harm from fraud.

The first four payments, made on 9 June 2020, represented a relatively large sum for Miss B's account (based on my review of the account history I have been provided with). These were being sent to a recipient that had not been paid from the account before.

Of course, a legitimate payment could equally have been for a larger than usual sum and sent to a new payee — these factors need not necessarily mean a payment will result in loss to fraud or a scam.

However, I consider it at least arguable that these payment instructions ought to have prompted Nationwide to intervene prior to processing Miss B's payments in the circumstances.

That isn't enough in itself though for me to find that a proportionate intervention by Nationwide would have made a difference here (such as in preventing the payments from being made). I firstly need to consider whether any possible failure to intervene likely caused the subsequent loss.

Based on the circumstances here including the extent of the information Miss B had been provided with prior to entering into the investment (and including the in-person site visit offered) I think that even had Nationwide intervened at the time of the payments, proportionate enquiries by the building society would not have prevented these payments from being made. Neither Nationwide nor Miss B would have likely uncovered significantly higher than usual reasons for concern about fraud at that point.

However, that is not the end of the story. Where an APP scam occurred as the result of a Faster Payments transfer, the CRM Code can provide additional protections.

In Nationwide's response to Miss B's claim and complaint, it said it thought this had not been an APP Scam, and that this was instead a private civil dispute with Company P. As a result, Nationwide argued the CRM Code did not apply to Miss B's payments.

As a starting point I've therefore considered whether this was the correct outcome to have reached in the circumstances of Miss B's payments, or whether the CRM Code should apply to these payments. That has included considering if this is something which cannot yet be determined on the balance of probabilities.

The scope of the CRM Code

The CRM Code only applies where a payment was made as the result of an APP Scam. The relevant part of the CRM Code defines an APP Scam as being a transfer of funds to another person for what the customer *"believed were legitimate purposes but which were in fact fraudulent."*

This is contrasted with a private civil dispute which the CRM code says can include: "*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."

Was Company P offering a legitimate investment or were its purposes in fact fraudulent?

At this point it is worth noting that Company P's Joint Administrators have indicated they believe Company P's various development schemes were intended to defraud investors from the outset. In other words, the Joint Administrators consider that Company P was not offering a legitimate investment but in fact had fraudulent purposes. They indicate that opinion is based on a review of the information obtained in the course of the administration process.

However, the Joint Administrators were unable to provide the Financial Ombudsman Service with the relevant supporting evidence which might establish whether this would meet the CRM code's criteria of an APP scam rather than a private civil dispute (for various reasons, including confidentiality).

The police arrested the de jure director of Company P in 2022. Although the police have since said that they believe a crime was committed against investors, they have now closed their investigation into the matter without any charges having been brought. No further information has been made available as to the nature of that alleged crime.

The electronic information obtained by the police as the result of a device review during their investigation was shared with the director's trustees in bankruptcy ("the Trustees"). The Trustees in turn have been able to share this information with the Financial Ombudsman Service in so far as it concerns the activities of Company P and those involved in its operations.

That material has since provided in a redacted form to Nationwide (on 23 September 2025). Nationwide has also been provided with a redacted copy of a final decision that I issued on 17 October 2025 concerning another complaint involving an investment with Company P. The final decision on that other complaint has since been published, setting out my analysis of that information.[2]

I do not intend to repeat the detailed analysis contained in that decision here — given that Nationwide has already had the opportunity to consider and respond to the same when it received a copy of that earlier decision. It suffices to say, in summary, that the evidence leads me to find that the investment being offered by Company P was fraudulent in nature and Company P induced investment through dishonest deception. That included the following five key misrepresentations made to Miss B (and to other investors):

1. *The identity of the person controlling Company P.*

Company P represented in information given to investors (including the IM) that it was run by the de jure director, as its CEO.

However, multiple emails, dating from the time that Company P was being set up and afterwards, indicate instead that the person with dominant control over the company was another individual who I'll refer to as Person J. Person J headed an eight-member board and had control of the company.

[2] That decision is available here: https://www.financial-ombudsman.org.uk/decision/DRN-5814892.pdf.

Person J's involvement was hidden from investors. Emails in the new evidence indicate this was deliberate and because of Person J's links to previous fraudulent and failed investments. The companies he'd previously been involved with are a group currently under investigation by the Serious Fraud Office, and a company through which a fraudulent US based investment scheme was promoted to investors. The latter company has been described in the Times as a "notorious Marbella-based boiler room[3]".

Person J has since pleaded guilty to his role in the US investment scheme (following his extradition from Spain to the US in late 2022). In that investment scheme, the identity of the CEO was misrepresented to investors (because the real CEO was associated with previous fraudulent investments in the UK). This fraudulent deception about the control of the company was necessary (otherwise no-one would have invested). It appears the same applied to Company P and the investment schemes it offered.

In short then, I find this was a dishonest deception which was intended to (and did) lead private investors to invest where they otherwise would not have done so.

2. The existence of a £1.2m equity buffer to protect private investors.

The IM (that Miss B appears to have received prior to her investment) stated that £1.2m of equity capital had been put in place by Company P and the developer. This was supposedly being funded by profits made from Company P's previous development project (its first). Miss B was told this would mean the company and developer were in a position of first loss were the project to fall short of the projected returns — offering protection for private investors.

The Joint Administrators say they've found no evidence of that equity being introduced (for this or for the other development projects run by Company P).

I have seen messages sent by the de jure director in which he essentially admits that the equity didn't exist and that he (and Person J) knew this was a falsehood from the outset. It appears intended to provide false reassurance to investors.

All of this is consistent with the financial position of Company P behind the scenes. Its initial development project had barely begun, far less completed, by the point the second development funding began (and was still over a year from completion at the point Miss B invested). There was no way equity could have been input into the scheme Miss B was investing in from that earlier development. That earlier scheme was already

[3] 'Boiler room' typically refers to high-pressure sales teams selling investments, including (but not limited to) fraudulent schemes. Such 'boiler rooms' are typically based outside the UK. General consumer fraud prevention information relating to 'boiler room' scams is available here: Boiler room fraud | Action Fraud and on this page: Boiler room scams | FCA. The FCA's website says *"Share and bond scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares or bonds. Boiler rooms use increasingly sophisticated tactics to approach investors, offering to buy or sell shares in a way that will bring a huge return. But victims are often left out of pocket — sometimes losing all of their savings or even their family home. Even experienced investors have been caught out, with the biggest individual loss recorded by the police being £6m".* In reported court transcripts from the trial of the US company's founder, owner, and controlling mind, he was questioned about 'boiler rooms' he had been involved with. He was asked whether investors had generally received their projected returns — to which he replied that generally they did not. When asked what happened to investors' money generally, he replied that generally they lost their money. This was the scheme for which Person J was extradited from Spain in 2022 and has led to his now serving a prison sentence in the US.

inevitably going to fail (and that was known to Person J, the controlling mind of Company P).

In summary, I find the promised equity most likely wasn't put in place, and that this was a knowing and deliberate misrepresentation by Company P designed to induce private investors such as Miss B to invest where otherwise they may have decided not to proceed.

3. The misrepresentation of Company P's costs, specifically its need to pay substantial commissions on investment funds raised.

From the outset, Company P paid out significant 'commission payments' and other fees to connected parties. The intention to take such funds had been discussed internally by Company P in the months leading up to the first development — but not disclosed to private investors. Rather, the IM (for the development Miss B invested in) said that no arrangement fees were associated with the investment. It listed a 'Total Development Cost' of £13.8m. That total development cost figure did include something labelled 'Finance Costs', but that appears to relate solely to the cost of senior debt — not capital raised via private investors.

The figures given in this IM mirror those in the IM produced by Company P for its initial development project. In that instance, internal management accounts I have seen show that the figures excluded the cost of capital raised from client investors (such as Miss B).

While I have not been able to review similar management accounts for this second development, I consider it likely the same applied here. I say this given the intentions expressed in internal email correspondence (which show that the primary purpose of Company P from inception was to maximise the payment of commission income and the remuneration of those on Company P's de facto board (headed by Person J) at the expense of Company P's ability to repay private investors.

Those comments suggest the plan was always to remove around 25% of the value of private investors' capital for these purposes (despite the inevitable impact this would have on the possibility of the development ever succeeding – which I will return to below). There is nothing in the evidence I have seen to suggest otherwise in relation to any of the development schemes offered by Company P.

The hidden fees likely comprised commission and remunerations paid via a company based in Marbella (operating in the same office as Person J's company) and then routed to companies owned by the various board members of Company P.

In email discussions between those running Company P prior to the IM for the first development being issued, they acknowledge that *"we will not get away with £600K in fees being brought above the profit line into the deal."* and *"If* [these numbers are] *presented to investors* […] *the deal does not work".* The evidence I've seen doesn't lead me to believe anything different applied to Company P's later developments. The intention to hide this from investors is apparent from multiple internal emails.

Company P had therefore planned to take significant fees from investor funds, yet this was hidden from investors (including in the IM document issued to Miss B). It seems likely to me that this was a deliberate fraudulent misrepresentation — as acknowledged in earlier email correspondence, including those fees would have shown prospective investors that the developments could not work.

4. A significant over-raise of funds.

The IM gave a figure of £2.545m for the amount to be raised from private investors. In reality, a multiple of that amount needed to be raised for the redevelopment work to be completed (and an over-raise of that size occurred, according to the Joint Administrators). This was a necessary corollary of the additional costs resulting from the commission/fee payments, and the missing equity.

The cost of capital attached to all funds Company P raised from private investors was paid out upfront (as with the company's earlier development, through credits received by private investors around one month after their payments).

So for this development (as for the first) it appears much of this cost was paid out before the site had been purchased or the work even started. Based on Company P's internal figures from the first development (and internal emails) this likely accounted for an average of 25% of the sum raised from private investors.

That meant an even larger sum needed to be raised to cover the necessary cashflow (given this all happened before any money was made from the underlying business).

Given the additional costs were known to Company P in advance (evidenced by comments in the email evidence) it seems almost certain that the need to raise significantly more than was stated in the IM was apparent to Company P from before the point the IM was issued on Company P's behalf. This was most likely a fraudulent misrepresentation.

5. The likelihood of investors being repaid by Company P.

The IM gives a finished value of the project of just under £16.5m (a figure referred to as the GDV). Allowing for the 'Total Development Cost' figure of £13.8m given in the IM, this GDV results in a stated target development profit of approximately £2.7m. The IM figures show a raise of around £2.5m from private investors, with approximately £10m from senior debt.

But with £10m drawn down from senior debt, the actual raise from private investors always needed to be significantly higher than the figure given of £2.5m. Without any equity being introduced by Company P (see above) even covering the stated total costs of £13.8m was impossible. And in reality, that figure for costs excluded at least approximately 25% of the private investor money which would be used to fund early returns, sales commissions and sums routed to those behind the scheme.

In short, even if Company P achieved the full projected GDV of £16.5m this could never have been sufficient for Company P to repay its lenders. The total costs, including the additional hidden costs of commissions and fees to connected parties, were always going to be significantly higher than the GDV of the project — it could never have been profitable.

This was misrepresented to investors in the IM. As those controlling Company P noted in internal emails, giving investors the true picture would have made it apparent that the 'deal did not work'.

The emails between those on Company P's board indicate that a significant over-raise from private investors was always their plan. A higher raise of funds from private investors meant higher commissions and fees that would be removed (via a Spanish company run by the same people).

In short, the only possible outcome of the way Company P was set up was that it would fail and enter administration. The board appear to have planned for this from the outset and, leading up to the administration, were able to remove most of the value of the residual assets by acquiring new priority debt (for which they personally appear to have received commission income).

Summary of the various misrepresentations and the intent behind them

To summarise then, Company P made several key misrepresentations which were false and known to be false at the time Company P permitted them to be made. Company P misrepresented who controlled it in order to hide from investors that it was actually controlled by a man whose previous business activities had proved disastrous for investors (in connection with some of those previous activities, Person J has since pleaded guilty to criminal fraud charges and is now serving a prison term).

In relation to the investments offered by Company P, the true financial details (in particular the money that Company P planned to extract as commissions and director remunerations) were withheld from investors because no-one would have invested knowing it could never return a profit let alone be able to repay their original capital.

Is this a Private Civil Dispute?

In assessing the fair answer to this case, I have given very careful consideration to the arguments and evidence available which might support the alternative to this having been an APP scam covered by the CRM Code. In other words, that which might support a finding that this was a failed investment in a legitimate entity and at most a private civil dispute.

The property site that was proposed to be developed was not completed prior to the collapse of Company P and its associated companies. But it does appear that the site was purchased and that some development works at least commenced. This is not typical for a criminal scam. If the aim was simply to steal investors' money, anything that acted counter to that aim might be seen as pointing to an alternative explanation. Paying for the site and paying for the developer to begin to develop the property might fall into that category.

Other similar arguments for the legitimacy of the investment might point to the repayment of the earliest investors, or the payment of upfront returns on the investment (the early 'interest' payment on investors' loans). Both actions would have seemingly reduced the financial gains available to a scammer.

But I am not convinced that these arguments demonstrate this was not an APP scam or that the scam was not planned from the outset. The type of scam commonly referred to as a 'Ponzi scheme' is one that is well known. In such a scheme, money from investors is used to repay earlier investors, or used to pay returns that are not justified by profits earned on the underlying investment.

Looking at the evidence here, I find that the explanation of this having been designed to keep the scam convincing and running for longer (and hence to produce a greater cumulative 'profit' for the scammers) is the most persuasive. That accords with the unusual upfront returns that were paid. In addition, it strikes me that, by disguising the outward appearance of the underlying fraudulent scheme, this mechanism may well benefit those responsible by making their later prosecution a far less straightforward matter than would be the case for a simple theft.

The comments of those behind Company P support the finding that this was most likely set up as a deliberate Ponzi scheme. In many cases these comments reflect an aim of rolling over the investments of investors into follow-on investments — either in the same ongoing development or in later schemes. By maintaining an appearance that the projects were progressing as expected and securing agreement to reinvest, this could mean there would be no need to repay those investors' capital at the maturity of their investment — it could remain (nominally at least) in an investment with Company P, delaying the inevitable collapse of the scheme, and allowing the scheme to continue to attract new investors (as indeed appears to have happened).

As summarised above, the evidence persuades me that the investment scheme offered by Company P was, from the outset, created with the intent of deceiving investors about the control of the property development and its financial structure. This was designed by those covertly in charge of Company P in such a way as was (and as must have been known to Company P from the very beginning) likely to leave the retail investors unprotected against its inevitable collapse into insolvency. The scheme was misrepresented in order to induce Miss B (and others) to invest.

I accept that in reviewing these and other comments of those involved in Company P, I cannot know what the precise intent of the authors was. Nor can I have certainty about my interpretation of those comments. But I am required to reach what I consider to be a fair and reasonable outcome in all the circumstances, given the evidence available to me and applying the balance of probabilities where there is doubt about an issue of fact. I am satisfied that there is sufficient for me to reach a fair and reasonable finding here. The wider context within which individual comments sit, including the comments of those involved in Company P, provides a clearer route to interpreting individual comments and renders the meaning less subjective.

Reviewing the evidence and individual comments together has allowed me, applying the balance of probabilities (but conscious that I should not find anyone to have been dishonest unless there is cogent evidence to support such a finding) to reach what I consider to be a sufficiently reliable interpretation to make a finding on the intentions of those behind the investment scheme. And the outcome I propose to reach is one I consider to be consistent with that interpretation.

I have also taken into account that the police state they are no longer pursuing their investigation or bringing criminal charges against the de jure director of Company P. I don't consider this changes matters. A criminal prosecution may not be pursued for various different reasons which have no bearing on whether or not something was an APP Scam as defined by the CRM Code. The police consider that investors were the victims of a crime here, and have said nothing to suggest the contrary. That accords with my findings (made on the balance of probabilities). And I have found that the de jure director was not the controlling mind of Company P, that being instead Person J — already serving a prison term in the USA for investment fraud.

Should Miss B now be reimbursed by Nationwide under the terms of the CRM Code?

In summary, while I've carefully assessed the alternative explanations or scenarios, applying the balance of probabilities I consider this was an APP scam, and Miss B's payments would be covered by the CRM Code.

The CRM Code requires reimbursement of the victims of APP scams in all but a limited set of circumstances. I have considered whether any of the exceptions to full reimbursement under the CRM Code could now fairly be relied on by Nationwide.

The exceptions I consider could be of possible relevance in this case are (in summary) that:

- the customer ignored an Effective Warning;
- the customer made the payment without a reasonable basis for believing that they were paying for genuine services from a legitimate business; or,
- the customer was grossly negligent.

In all instances the CRM Code states that the assessment of whether these exceptions can be established should involve consideration of whether they would have had a material effect on preventing the APP scam that took place.

In relation to the first of these, Nationwide says it likely did present a relevant investment scam warning message to Miss B, at the time of at least one of the payments she made. Nationwide's comments on this point appear to be based on what Miss B has since told Nationwide she likely selected as a payment reason when the building society presented a list of options at the time (which would have included the option of 'investment').

I've considered the content of the warning highlighted by Nationwide. While I agree the warning provided was relevant to investment scams, I don't find it likely that the warning message would have had a material effect on preventing the APP scam that took place. Following the steps recommended in the warning would not have uncovered the scam and so prevented the payments. As a result, I don't consider Nationwide is able to rely on this exception.

And I do not consider that Nationwide has established that Miss B made her payment without holding a reasonable basis for believing the various points listed in the CRM Code at R2(1)c. Miss B's payments were made to the person she was expecting to pay (that being Company P). I'm satisfied that she had carried out reasonable checks into the purported investment opportunity prior to making the payment and these did not uncover any 'red flags'. I'm satisfied she held a reasonable basis for believing that she was making the payment for a genuine investment with a legitimate business. This was a scheme that those behind Company P had expended considerable effort on making appear legitimate, and I don't think that Miss B (or indeed Nationwide) could reasonably have uncovered its fraudulent nature at the time of the payment.

Turning to the third exception I consider that would require Nationwide to establish that Miss B had shown a very significant degree of carelessness — beyond that of ordinary negligence. Nationwide has not done so, and I have seen nothing that I think could establish a finding of gross negligence on Miss B's part.

In short, I do not find Nationwide could rely on these (or any other) exceptions to full reimbursement under the CRM Code. As a result, I am currently of the opinion that Nationwide should fairly and reasonably reimburse Miss B for the amount lost, under the terms of the CRM Code.

Putting matters right

Miss B's payments totalled the sum of £70,000. It seems she received 'early returns' of money of by Company P (the early interest payments) which would have had the effect of reducing the overall financial loss incurred. These early returns appear to have been for the sums of £4,200 on 23 July 2020 and £7,875 on 14 December 2020. Allowing for these returns has the effect of making Miss B's cumulative net loss £57,925.

I think it would be fair for Nationwide to offset the amounts repaid as 'early returns' by Company P (and any other payments received in connection to Company P) against the reimbursable loss. If either Nationwide or Miss B are aware of any other payments returned in respect of the investment, then either side should let me know in response to this provisional decision in order that Nationwide may correctly calculate the net loss to be reimbursed.

Given the complexity of this investment scheme, and the considerable challenges and time expended before evidence could be obtained to show this had indeed been an APP scam, I don't consider Nationwide could reasonably have reached that finding sooner than the date that information was shared with the bank – that being 23 September 2025.

With that in mind, I intend to award interest calculated from that date. I think a fair reflection of the cost to Miss B of being deprived of these funds for that period would be for Nationwide to add interest at the rate of 8% simple per year. That rate is one I consider provides a reasonable reflection of Miss B being deprived of that money for the relevant period.

Other routes to recover funds and the possibility of double-recovery

In its most recent report on Companies House, the Joint Administrators indicate that they anticipate being able to distribute only a small amount of funds relative to the amounts owed to unsecured creditors such as Miss B.

Given what they indicate in this report, it appears unlikely to me that the conclusion of Company P's insolvency process will result in any substantive repayment of the monies owed to unsecured creditors. It appears possible however, that even if proportionately small, some monies may be returned to Miss B through that route.

It also seems not inconceivable that some funds might also be recovered to Miss B through other routes, such as through a prosecuting authority later recovering assets for investor-victims.

It would not be fair or equitable for me to put Miss B in a position of double recovery. In saying that, I don't consider this possibility prevents Nationwide from reimbursing her under the CRM Code now. However, I consider it is fair and reasonable that Nationwide can choose, if it wishes, to obtain an undertaking from Miss B to entitle it to any money recoverable elsewhere from her investment in Company P. In other words, Nationwide may require Miss B to enter into an undertaking to assign to the bank the rights to any monies she might elsewhere be entitled to recover in respect of her investment of £70,000 into Company P.

If Nationwide asks Miss B to provide such an undertaking, payment of the reimbursement I intend to award may be dependent upon provision of that undertaking. Nationwide may wish to treat Miss B's formal acceptance of the terms of my final decision as being sufficient for this purpose. Alternately, Nationwide would need to meet any costs in drawing up an undertaking of this type. If Nationwide elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Miss B for consideration and agreement.

I invited both sides to provide any further arguments or information by 30 January 2026, after which point, I said I intended to issue my final decision on the matter.

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.

Responses to my provisional decision

Nationwide and Miss B were both sent my provisional decision on the same date, 16 January 2026.

Miss B responded on 19 January 2026. She said she accepted the settlement proposed. However, while accepting what had been proposed, she thought it might have been fairer:

- to award compensatory interest from an earlier date than I had recommended; and,
- for the proposed assignment to take effect only after she had received, in aggregate, full payment of her claim against Company P, including contractual interest.

Nationwide has not responded at the time of writing — either to provide further points or arguments, or to request more time to do so. I am conscious of the time this matter has already taken, and I do not propose to delay matters further by allowing further time. As both sides have now had the opportunity to respond to my provisional decision, I am now in the position to issue my final decision on Miss B's complaint.

While Miss B accepted the settlement I proposed in the provisional decision, I have given careful consideration to the comments she has made.

In relation to her first point, however, I don't consider I could reasonably find Nationwide at fault for believing this to be a private civil dispute at any point prior to Nationwide's receipt of the new information on 23 September 2025. This fraud was heavily disguised by those responsible, and in very brief summary I consider that there was a lot about this scheme which, on the face of things, would have looked very much akin to a genuine but failed investment scheme. Substantive evidence to the contrary only became available to Nationwide at the point it received the new information on 23 September 2025.

And I do not consider it would be fairer outcome if I said Miss B could accept this decision but defer from repaying Nationwide until she received additional sums she may subsequently intend to claim in the administration. Once Nationwide has reimbursed Miss B the sum of £57,925, it will be the party out of pocket in the most immediate sense. Miss B may or may not have a claim to additional expected returns from the loan and interest, but that seems to me of much less consequence. So Nationwide, by reimbursing Miss B, will be the party I regard as most deserving of any recoveries from the administration or elsewhere and, looking at what is fair and reasonable in this situation, I consider Nationwide should stand first in line for any such recoveries.

In short, while I have taken into account Miss B's comments in her response to the provisional decision, I consider the fair and reasonable outcome in all of the circumstances remains the one I set out there.

Putting things right

I've carefully considered the responses I received to my provisional decision. But these have not changed the outcome I consider fairly resolves this complaint or altered my reasoning.

For the reasons set out in my provisional decision and above, I find it fair and reasonable in all the circumstances that Miss B ought to have been fully refunded for her net loss from

these payments under the CRM Code.

I therefore direct Nationwide Building Society to pay Miss B within 28 days of receiving notification of Miss B's acceptance of my final decision:

- the net amount lost through Miss B's payments to this scam, that being the sum of £57,925; plus,

- interest on that amount at the simple rate of 8% per year (less any tax properly deductible) to be calculated from 23 September 2025 until the date of settlement.[4]

I consider it is fair and reasonable that Nationwide can choose, if it wishes, to obtain an undertaking from Miss B to entitle it to any money recoverable elsewhere from her investment in Company P. In other words, Nationwide may require Miss B to enter into an undertaking to assign to the bank the rights to any monies she might elsewhere be entitled to recover in respect of her payments totalling of £70,000 to Company P.

If Nationwide asks Miss B to provide such an undertaking, payment of the reimbursement I am awarding may be dependent upon provision of that undertaking. Nationwide may wish to treat Miss B's formal acceptance of the terms of my final decision as being sufficient for this purpose. Alternately, Nationwide would need to meet any costs in drawing up an undertaking of this type. If Nationwide elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Miss B for her consideration and agreement.

My final decision

For the reasons given above, I uphold this complaint in part and require Nationwide Building Society to put matters right as I have detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 2 March 2026.

Stephen Dickie
Ombudsman

[4] If Nationwide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give Miss B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.