

## The complaint

Miss D complains that Nationwide Building Society ('Nationwide') won't reimburse the funds she lost when she fell victim to a scam.

## What happened

The facts of the complaint are well-known to both parties, so I don't intend to set them out in detail here.

In January 2024 Miss D entered into a "*Rent-to-Rent Agreement*" with a company I'll call 'Company S' in this decision. The investment contract said Miss D would pay £15,250 and Company S would use her funds towards the costs involved in renting a specific property and sub-letting it to a social housing provider. Miss D was due to receive a monthly return of £665 for a period of 36 months.

Miss D received returns as expected for nine months. In January 2025 the directors of Company S were arrested as part of a police investigation. Since then, Miss D hasn't received any more payments. In July 2025 Company S entered compulsory liquidation.

Miss D's loss, after taking into account the returns she received, is £9,265.

Through a professional representative, Miss D raised a fraud claim with Nationwide. Nationwide said that it needed to wait for the outcome of law enforcement investigations to provide an outcome.

Miss D was unhappy with Nationwide's response and brought a complaint to this service. Initially the investigator didn't think the complaint should be upheld. After a review, the investigator recommended that Nationwide reimburse Miss D's outstanding loss under the provisions of the Contingent Reimbursement Model Code (CRM Code).

Miss D agreed with the investigator's view, but Nationwide did not. This service responded to Nationwide and addressed the points it had raised and shared the evidence we relied on to determine Company S was more likely than not operating a scam.

## 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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position at law is that Nationwide are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

*Is it appropriate to determine this complaint now?*

Company S is in compulsory liquidation and the Official Receiver's investigation is ongoing, as is an active police investigation. There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

To determine Miss D's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that she was the victim of an APP scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Miss D first raised a claim with Nationwide in July 2025 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Miss D an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm also aware that the investigations by the Official Receiver and police might result in some recoveries for Company S's investors – including Miss D. To avoid the risk of double recovery, I think Nationwide would be able to take, if it wishes, an assignment of the rights to all future distributions to Miss D under those processes in respect of this investment before paying anything I might award Miss D on this complaint.

For the reasons I'll discuss further below, I don't think it's necessary to wait for the outcome of the external investigations for me to fairly reach a decision on whether Nationwide should reimburse Miss D's loss.

*Has Miss D been the victim of an APP scam as defined by the CRM Code?*

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of APP scam, as set out in it, is met.

I have considered whether Miss D's claim falls within the scope of the CRM Code, which defines an APP scam as:

*...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.*

To decide whether Miss D is the victim of an APP scam as defined in the CRM Code I need to decide whether the purpose she had for making the payment, and Company S's purpose

in taking the payment, were broadly aligned. And, if there is a significant difference in these purposes, whether it was as the result of dishonest deception.

This service has already provided Nationwide with a detailed explanation for why we think Company S was most likely an APP scam. Whilst each individual point may not be enough on its own to meet the definition of an APP scam, I'm satisfied that when those points are considered collectively, there is enough evidence to suggest Company S intended to scam its investors (including Miss D) and wasn't a genuine investment opportunity that was simply mis-sold.

I have set out some key points below:

- Rather than paying a landlord directly, Company S passed investors' funds to other companies which were operating rent-to-rent schemes. Company S didn't have direct relationships with the landlords of the properties and wasn't sub-letting the properties to a social housing provider – as set out in the rent-to-rent agreement with investors. And investors were unaware that funds were being passed on to other schemes in this manner.
- Investors believed that if Company S suffered financial difficulties, the agreements with landlords and social housing providers would be transferred into investors' personal names. This suggested it was a risk-free investment. But this wasn't possible when the funds were passed on to other companies operating rent-to-rent schemes, so investors were misled.
- There is evidence that Company S didn't own some properties that it included in some rent-to-rent agreements, and others were either under construction or not suitable for social housing. Company S must have known it wouldn't be possible to generate an income in the timeframe given to investors.
- Company S continued to send funds to one company operating a rent-to-rent scheme, even after returns stopped being paid and a police investigation started.
- Company S paid £2m more in returns than it received in legitimate income which was most likely to attract new investors – similar to a Ponzi scheme.
- Company S invested approximately £740,000 of investors' funds with a trading platform which didn't align with the agreements signed by investors.

Based on the available evidence, I'm satisfied it's more likely than not Miss D's funds weren't used for the intended purpose and that Company S obtained the funds through dishonest deception. So, I'm satisfied that Miss D's payment meets the definition of an APP scam and is covered by the CRM Code.

Returning to the question of whether in fairness I should delay reaching a decision pending developments from external investigations, I have explained why I should only postpone a decision if I take the view that fairness to the parties demands that I should do so. In view of the evidence already available to me, however, I don't consider it likely that postponing my decision would help significantly in deciding the issues.

#### Does an exception to reimbursement apply?

The CRM Code says that Miss D is entitled to a full refund unless Nationwide can establish that an exception to reimbursement applies. Nationwide hasn't provided any evidence or arguments that an exception to reimbursement applies, but for completeness I have considered this point.

The CRM Code says that a bank 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.

I'm satisfied that Miss D had a reasonable basis for believing Company S offered a genuine investment opportunity when she made the payment. She reviewed Company S's website, which appeared to be genuine. Miss D also looked at reviews of Company S, which were positive, together with literature provided by the company. Company S was registered at Companies House, and Miss D knew others who were receiving returns.

I haven't seen any evidence that suggests there were warning signs that Company S wasn't offering a genuine investment when Miss D made her payment. So, Nationwide couldn't rely on basis for belief as an exception to reimbursement.

Nationwide hasn't said that an effective warning was ignored when Miss D made the payment or provided evidence of an effective warning being presented at the time. So, it can't fairly rely on that exception to reimbursement either.

As I'm not satisfied that Nationwide can rely on an exception to reimbursement, Miss D is entitled to be reimbursed under the CRM Code.

Overall, I'm satisfied Miss D was the victim of an APP scam as set out in the CRM Code and should be reimbursed as set out below.

### **My final decision**

For the reasons stated I uphold this complaint and require Nationwide Building Society to:

- Pay Miss D £9,265; and
- Pay interest at the rate of 8% simple per year from 4 February 2026 (the date of the investigator's view upholding the complaint) until the date of settlement.

If Nationwide Building Society is legally required to deduct tax from the interest it should send Miss D a tax deduction certificate so that she can claim it back from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 14 May 2026.

Jay Hadfield  
**Ombudsman**