

## The complaint

Mr C complains that Nationwide won't refund him after he was the victim of a 'safe account' scam.

## What happened

Mr C holds accounts with Nationwide. On 14 March 2022, his wife received a call purportedly from Nationwide's security team. She was told that their accounts were at risk after she'd inadvertently responded to a scam text message about a parcel delivery. Mr C's wife had already been in contact with Nationwide's fraud team in connection with the text message incident, so this wasn't completely unexpected.

Mr C was told his account was also at risk due to the information that had been disclosed. The caller said they would ring him on his mobile to discuss the steps he needed to take. When they did so, Mr C noted that the caller's number corresponded with Nationwide's number.

The supposed fraud team member told Mr C that because his and his wife's accounts with Nationwide were now at risk, he needed to move his funds to a new account held elsewhere. During the call, he was transferred to someone who claimed to be from the Police, and said they were investigating internal fraud at Nationwide.

Mr C was talked through opening a new account in his own name with an Electronic Money Institution (EMI) which I will refer to as E. Mr C then proceeded to make payments as instructed by the caller, from his Nationwide account to the account with E. However, the caller told him that the account with E also wasn't safe, and Mr C was tricked into sending the money onwards from E to accounts controlled by the scammer. His money was therefore lost to the scam, except for a nominal sum.

The payments from Mr C's Nationwide account were all made on the same day. All were transferred to the same destination account, created as a new payee that afternoon. The payment times and amounts shown below are based on the time the payment was received in the account with E:

| Payment      | Time  | Amount         |
|--------------|-------|----------------|
| 1            | 15:50 | £3,900         |
| 2            | 17:13 | £3,400         |
| 3            | 17:26 | £9,200         |
| 4            | 18:28 | £8,700         |
| 5            | 18:29 | £8,500         |
| 6            | 18:48 | £7,900         |
| 7            | 18:50 | £3,900         |
| <b>TOTAL</b> |       | <b>£45,500</b> |

The first payment was sent without issue. But when Mr C made the second payment, he

realised the payment hadn't been successful – Nationwide had blocked the payment and required him to call before it would be released.

Mr C was told that the warning messages displayed on his online banking were false and had been put there by the internal fraudsters within Nationwide. When he called about the payment the people, he spoke to would be those same internal fraudsters. The caller instructed Mr C on what he must say, giving Mr C a basic cover story to use. By this point Mr C had been on the phone for some considerable time. He explains he was in a state of confusion and panic about the safety of his accounts.

When Mr C then called Nationwide, he was asked about the payment and said it was to his own account with E. He explained he'd made a payment before (about half an hour earlier). He was asked if anyone had called him and said he should make that payment to which Mr C said 'no'. He was told he'd be called back.

Mr C called again after what appears to have been a short time. Nationwide's staff noted that he seemed in a rush or impatient to make the payment. It's also noted that this payment was going to a new account, and that he'd had no prior connection to E.

Mr C is asked about the destination account, which he confirms is in his name. Nationwide's staff member tells him that Nationwide is concerned about the payment. They say that E is used by fraudsters quite frequently. They tell Mr C they are particularly concerned when they can see payments made in quick succession from a Nationwide account to E – as is happening here.

Mr C says he is going on holiday, using the account at E for spending abroad while on holiday. He's asked if he has been contacted by anyone to move money to a safe account and says he has not. Nationwide then releases the payment, and Mr C goes on to send the remaining payments which largely clear his Nationwide account balances.

After the final payment, the scam came to light, and Mr C reported it to Nationwide that same evening.

Nationwide said it wasn't liable to refund Mr C the money he'd lost. The money had been sent to an account in his own name so any losses had only occurred when he'd moved the money onwards from that account with E, not in the movement of funds from Nationwide to E. Mr C should raise concerns about the loss with E directly. And when Nationwide had tried to intervene to protect Mr C, he had deceived it about the true purpose of the payments. It was not responsible for what had happened.

Mr C was dissatisfied with this outcome. He complained to Nationwide, and later to E. Our Investigator looked into both complaints. E agreed to refund Mr C half of the money he'd lost. The Investigator thought the fair outcome was that Nationwide should equally share responsibility with E. He said Nationwide had identified concerns leading to its intervention at the point of the second payment. While it had questioned Mr C it did so only very briefly and had accepted the false cover story at face value. Nationwide should have recognised that what was happening had all the hallmarks of a safe account scam (as this was) and that victims will often have been given a cover story to use on the pretext of catching internal fraudsters (or similar).

Nationwide should reasonably have identified the scam at the point of payment two through proportionate questioning. That would have prevented the loss from that point onwards. The Investigator thought Nationwide should refund half of the sums sent from the point of payment two onwards less any sums recovered with interest. He didn't think Mr C was to blame given the apparent sophistication of the scam.

Nationwide didn't agree, so I have been asked to reach a 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.

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 was good industry practice at the time.

As a starting point, Nationwide is obligated to make the payments its customers instruct it to make. However, the relevant account terms and conditions operative at the time also include provision for it to delay or prevent payments where it had reason to believe they might be linked to fraud (amongst other things). I consider that to be reflective of good industry practice for the prevention of fraud and scams.

In this case, Nationwide intervened in such a manner – doing so at the point of payment two in the table above. As matter of good industry practice, where concerns were identified about a payment (or payments) I'd expect a proportionate level of intervention to establish whether or not those concerns were justified.

I've therefore considered whether Nationwide intervened to a proportionate extent here, or whether it should have done more.

Nationwide has firstly pointed to the warning messages it showed during the course of the payment instructions. It notes that these warn specifically about the type of scam that occurred.

I've taken account of the points raised here. However, I consider it relevant also that at the point Mr C was shown these he was in the midst of phone conversations with people he considered were from the Police and from Nationwide's own fraud team. The explanations he was given by the caller about the nature of what he was being shown at this point strike me as reasonably plausible and persuasive given the circumstances. Mr C was a layperson, not someone particularly knowledgeable of Nationwide's fraud prevention processes. So I don't find him at fault for accepting what he was being verbally prompted to believe over what was said in written messages being displayed at the same time.

Similarly, when Mr C called and spoke to Nationwide's true fraud prevention staff members, he had been conditioned by the scammer to believe these staff members were complicit in an attempt to steal his money.

This type of scam is unfortunately all too common. Nationwide is aware (and will have been aware for several years at least) that a common feature of scams like this is that victims will have been told staff are complicit in the fraud and been given a basic cover story to use. Again, as a matter of good industry practice, I'd expect this knowledge to have been incorporated into Nationwide's approach to fraud prevention.

That means I don't consider that Nationwide should automatically accept the first stated reason for the payment as being enough to override other concerns that it might be connected to fraud or a scam. Nationwide's staff note on the call that there are several features here that led to its concerns. In particular: there being no prior connection between Mr C and E; there being two payments made to the new destination in quick succession (at

that point); and that Nationwide recognised a high number of payments made by its customers to E were the result of a scam.

Despite this being Mr C's own account with E, and despite Mr C's explanation that he was transferring holiday money to E, I don't think there was sufficient reason for Nationwide to have overlooked its original, valid, concerns about the payments at this point.

Additionally, I think Mr C's evident haste was a further sign that all might not be well when considered in the context of these other factors. This seeming urgency was remarked on by at least two of the staff members he spoke with. If the transfer was indeed simply to move money over to his own account for later use in connection with a holiday, it seems unlikely that would have led to unusual levels of agitation or impatience – levels remarkable enough to prompt Nationwide's staff to comment on it. This should have been identified as a further possible sign that the transaction might not be legitimate in nature. It was in fact consistent with a situation where someone was in the midst of a safe account scam and believing they needed to act without delay to protect their money.

Similarly, it isn't clear why if the payments were actually for that purpose, more than one payment in quick succession would have been made rather than a single payment to fund the intended use.

Some basic additional questioning would have been proportionate here. While Mr C had been coached and helped with his nerves by the scammer, I'm not persuaded there was much depth to the cover story. I've seen nothing to suggest was the case. Mr C comments that the scammer had to calm Mr C's nerves and he states he was in a state of confusion. Based on the available evidence I'm not persuaded Mr C would have been able to maintain the cover story beyond the basic premise. Rather, it seems most likely to me that additional questioning about the payments would have led the story to unravel and thus to the scam being uncovered.

So, all considered, I think that good industry practice would have meant that a greater intervention by Nationwide was appropriate here, and that this would have made a difference in preventing the second and subsequent payments.

That being said, Nationwide argues that it should nevertheless not be held liable for the loss that ultimately occurred, because the money only entered the scammer's control when it was moved on from the account with E – rather than at the point it left Nationwide.

As I've noted above, I am required to reach my findings based on what I consider to be fair and reasonable in the circumstances. I have taken account of Nationwide's argument in the context of the causation of the loss. But, considering the evidence available to me through this complaint and through the complaint brought against E, I consider it to be fair and reasonable that Nationwide shares responsibility with E for the loss Mr C incurred.

I say this on the basis that Nationwide could (and I consider should) have acted to prevent payment two on wards from Nationwide to E. I consider this would almost certainly have prevented the resultant losses. Further, I think the losses incurred by Mr C were within the reasonable contemplation of Nationwide at the time, and indeed its staff members during the relevant calls appear to acknowledge their awareness of such a proximate risk. What happened here had all the hallmarks of a multi-stage safe account scam. The prevalence of such scams and the potential for this to be the case here was well known to Nationwide at the relevant time and I consider it should have been alert to that risk.

Overall, I consider it is fair and reasonable in the circumstances of this complaint that Nationwide should share an equal proportion of the loss with E.

I am also not persuaded that a deduction should apply in respect of contributory negligence on Mr C's part. I have carefully considered all of the evidence available to me, and I do not think Mr C was significantly at fault – he was deceived by a sophisticated scam and did not have the benefit of Nationwide's awareness of fraud and scams that would otherwise have alerted him to what was really happening.

It is not clear how Mr C would have employed these funds had he not lost them to this scam. In light of the fact that he has been deprived of the money for the length of time he has, I consider it is fair that interest should be added to the proportion of the loss for which I find Nationwide is responsible, and that this interest should be calculated at a rate of 8% simple per year.

### **Putting things right**

I consider the fair and reasonable outcome in all the circumstances of this complaint is that Nationwide should refund half of the money Mr C ultimately lost to this scam from the point of payment two onwards.

Within 28 days of being notified that Mr C has accepted my final decision, Nationwide should:

- refund 50% of the total value of payments two to seven inclusive. From that amount Nationwide may deduct the value of the sum it was able to recover from the beneficiary account; and,
- Add interest to the resulting figure at the rate of 8% simple per annum, calculated from the date of the payments to the date of settlement.

### **My final decision**

For the reasons given above, I uphold Mr C's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 March 2024.

Stephen Dickie  
**Ombudsman**