

The complaint

Mrs N complains that Nationwide Building Society (Nationwide) is refusing to refund her the amount she lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs N has explained that she joined an investment group on Telegram that had around 500 members and was then approached by an individual (X) posing as a renowned investor.

After speaking with X for several weeks and seeing posts on the group supporting the legitimacy of the investment opportunity, Mrs N was convinced to invest with the promise of at least £10,000 returns.

Mrs N made multiple payments in relation to the investment but later found the investment to have been a scam.

Mrs N made the following payments in relation to the scam:

Date	Payee	Payment Method	Amount
11 February 2022	CB Payment	Debit Card	£15
11 February 2024	CB Payment	Debit Card	£100
22 January 1900	CB Payment	Debit Card	£172
17 February 2022	CB Payment	Debit Card	£1,350
18 February 2022	CB Payment	Debit Card	£900
21 February 2022	CB Payment	Debit Card	£700
02 March 2022	CB Payment	Debit Card	£50
03 March 2022	CB Payment	Debit Card	£1,550
08 March 2022	CB Payment	Debit Card	£2
08 March 2022	CB Payment	Debit Card	£1,090
15 March 2022	Skrill	Transfer	£700
15 March 2022	Skrill	Transfer	£812
18 April 2022	CB Payment	Debit Card	£10
11 May 2022	CB Payment	Debit Card	£1,720
11 May 2022	CB Payment	Debit Card	£10
16 May 2022	CB Payment	Debit Card	£12

Nationwide agreed to reimburse Mrs N 50% of the payments she made in relation to the scam from the payment made on 8 March 2022 of £1,090. Nationwide also paid Mrs N £200 compensation for the delay in addressing her complaint.

Our Investigator considered Mrs N's complaint but thought Nationwide's offer was fair and didn't think it should be upheld. Mrs N disagreed, so this complaint has been passed to me

to decide.

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.

It has not been disputed that Mrs N has fallen victim to a cruel scam. The evidence provided by both Mrs N and Nationwide sets out what happened. What is in dispute is whether Nationwide should refund any more of the money Mrs N lost due to the scam.

Recovering the payments Mrs N made

Mrs N made payments into the scam via her debit card and transfer. When payments are made by card the only recovery option Nationwide has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mrs N was dealing with X, which was the person that instigated the scam. But Mrs N didn't make the debit card payments to X directly, she paid a separate cryptocurrency exchange (Coinbase). This is important because Nationwide would only have been able to process chargeback claims against the merchant she paid (Coinbase), not another party (such as X).

The service provided by Coinbase would have been to convert or facilitate conversion of Mrs N's payments into cryptocurrency. Therefore, Coinbase provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mrs N paid.

For payments made via the method of transfer Nationwide has limited options available for recovery. Nationwide could ask the receiving payee to refund any funds that remain in that account. But Mrs N had made the payments into an account in her own name, so any funds that might remain would remain in her control.

With the above in mind, I don't think Nationwide had any recovery options available to it for the payments Mrs N made.

Should Nationwide have reasonably prevented the payments Mrs N made?

It has been accepted that Mrs N authorised the payments that were made from her account with Nationwide, albeit on X's instruction. So, the starting point here is that Mrs N is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Nationwide should have been aware of the scam and

intervened. And if it had intervened, would it have been able to prevent the scam taking place.

The payments Mrs N made in relation to the scam were individually relatively low in value and were being made to a genuine business. It would not be reasonable for me to suggest that Nationwide should intervene every time one of its customers makes a relatively low value payment to a new legitimate business.

I don't think it was unreasonable that Nationwide didn't intervene when Mrs N made the payments in relation to the scam.

Nationwide agreed to reimburse Mrs N 50% of the payments she made in relation to the scam from the payment made on 8 March 2022 of £1,090 and paid her a further £200 compensation. This offer is more than I would have suggested in the circumstances, so it would not be reasonable for me to suggest that Nationwide should do anything more.

Mrs N has explained that she feels Nationwide should have done more to protect her and included several rules and regulations to support her argument. But the information provided by Mrs N has not changed my decision. For the reasons I've outlined above I still don't think it would be reasonable for me to ask Nationwide to do anything more than it already has.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 17 May 2024.

Terry Woodham
Ombudsman