

The complaint

Mr B complains that Nationwide Building Society won't refund the money he lost when he was the victim of a scam.

What happened

In early 2023, Mr B was looking to book some flights and clicked on an advert for a travel company he saw online. He filled in his details and received an email from someone claiming to work for the travel company, with an offer for flight tickets. Mr B phoned the company and was happy with the price for the tickets, so made a payment of £657 from his Nationwide account via a money transfer service to pay for them – as the person he spoke to directed him to.

Shortly after it was made, Mr B received a call from Nationwide asking about the payment. And after discussing it, they both agreed Mr B had likely been the victim of a scam and so a claim was raised with Nationwide's fraud team.

Nationwide investigated but said Mr B has authorised the payment, so it couldn't have cancelled it or stopped it being paid. It tried to recover the money but said, as the payment was sent via a money transfer service that had correctly transferred the money, there was nothing further it could do. It did offer to pay Mr B £100 as compensation for delays in its response to his claim though.

Mr B wasn't satisfied with Nationwide's response. He said the payment was still showing as pending on his account after he spoke with Nationwide, so it should have stopped the payment being made at that point. And he referred a complaint to our service.

One of our investigators looked at the complaint. They said Nationwide couldn't have stopped the payment after it had been authorised, even though it was still showing as pending. And they didn't think there was anything further it could have done to recover the money. So they didn't think Nationwide should have to refund the money Mr B had lost. They also said the compensation Nationwide had offered was fair. Mr B disagreed with our investigator, so the complaint has been passed to me.

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.

Banks are expected to make payments in line with their customers' instructions. And Mr B accepts he made the payment here. So while I recognise he didn't intend for the money to go to scammers, he did authorise the payment. And so the starting position in law is that Nationwide was obliged to follow his instructions and make the payment. So Mr B isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Nationwide should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Nationwide should have identified that Mr B was potentially at risk of financial harm from fraud as a result of this payment.

But while I appreciate Mr B says the amount of this payment is a substantial amount for him, it wasn't of a large enough amount to meet the point at which we would usually expect a bank to identify a payment as suspicious based on its size alone. It was also a single payment, so wasn't part of a pattern of payments that we might expect a bank to identify as suspicious. I wouldn't necessarily expect a bank to identify a payment to a money transfer service as suspicious, even though Mr B hadn't used one before, as these are genuine services and it's not uncommon for banking customers to use them for infrequent one-off payments. And I don't think there was anything else about the payment that made it particularly suspicious.

So I don't think it's unreasonable that Nationwide didn't identify that Mr B might be at risk of financial harm as a result of the payment, and didn't intervene to carry out any additional checks before allowing it to go through. I don't think it's unreasonable that Nationwide just followed Mr B's instructions and made the payment.

Mr B has said Nationwide must have identified something suspicious about the payment, as it called him shortly afterwards to ask about it. He's said the payment was still showing as pending on his account at that point. So, as he then agreed he'd likely been the victim of a scam, he says Nationwide should have stopped the payment and that it acted incorrectly in allowing a payment it knew was fraudulent to be made. But I don't agree Nationwide could have stopped the payment at the point it called him.

Payments made out of someone's account, particularly card payments, will often not be made immediately. There may be a delay of up to a few days before the company the payment was made to claims the money. But the bank can't stop a payment after it has been authorised. And while the payment hadn't left Mr B's account when Nationwide called him, it had already been authorised. So Nationwide couldn't stop it, even though it then became aware of the scam.

And so I don't think Nationwide made an error here. I don't think there was anything it could have done to stop or cancel the payment at this point.

Mr B has also questioned why Nationwide contacted him if there was nothing it could do to stop the payment at that point. But, from Nationwide's records, it appears it was contacting

him to check that he had authorised the payment. While it was too late to stop the payment being made, if Mr B had not authorised the payment it would be Nationwide's responsibility to refund him itself for allowing an unauthorised payment to leave his account. So I don't think it was unreasonable for Nationwide to have contacted him to check this. But Mr B had authorised the payment, so I wouldn't expect Nationwide to refund him on this basis.

I've also considered whether Nationwide did enough to try to recover the money Mr B lost. Once they have been notified of a scam, we expect businesses to take reasonable steps to try to recover any money their customers have lost – including making use of any available chargeback scheme.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment – which in Mr B's case is the money transfer service. But it wasn't the money transfer service here who scammed Mr B. The money transfer service didn't do anything wrong and appears to have just transferred the money as he requested. So while Nationwide attempted a chargeback, the money transfer service defended it and showed it had carried out the transfer as requested. So I don't think Nationwide acted unreasonably in not taking the chargeback any further.

Any attempt Nationwide made to recover the money directly from the banks it was sent to would also likely have been unsuccessful, for the same reasons. The recovery attempt would have gone to the bank of the money transfer service, who hadn't done anything wrong. And so I don't think anything we would reasonably have expected Nationwide to do would have recovered the money Mr B lost.

I sympathise with the position Mr B has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Nationwide has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam or recovered the money he lost.

Nationwide has offered to pay Mr B £100 as compensation for the delays and poor customer service he received during his claim. And, based on the evidence I've seen, I think this offer is fair and reasonable in the circumstances. So I don't think it would be fair to require Nationwide to pay anything further.

My final decision

I uphold this complaint in part, and require Nationwide Building Society to:

- Pay Mr B a total of £100 compensation, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 January 2024.

Alan Millward
Ombudsman