

The complaint

Ms H complains that Nottingham Building Society ('NBS') won't refund the money she lost after falling victim to a scam.

What happened

A representative has brought this complaint on behalf of Ms H, however as the account is in Ms H's name – I'll refer to her throughout this decision.

Ms H says that in May 2021, a friend set up an account for her on a dating website. Shortly after Ms H was contacted by an individual I'll refer to as M. M asked lots of questions about Ms H and explained about a previous relationship breakdown which resonated with Ms H as it was similar to her own situation. Ms H says she was vulnerable at the time due to a recent relationship breakdown.

Ms H says they talked every day and she developed strong feelings for M. M provided Ms H with various photos of himself and Ms H says she completed a reverse image search but didn't find any matches. Ms H was also given a copy of M's passport and driving licence. M told Ms H that he worked for a large company and that he travelled overseas regularly as part of his work. Ms H says she googled the company that M said he worked for and saw it was a genuine company.

In July 2021, M told Ms H that he was on a cargo ship as part of his work, but the vessel was in such poor condition that he had to pay a fine and that he would have to send the staff home. M asked Ms H for £37,000. Ms H told M she didn't have that much money and he told her he felt let down and she didn't care about him. Ms H says she wanted to protect their relationship, so she sent M money.

Ms H's first payment was a CHAPS transfer made on 23 July 2021, from an account where she was the trustee for another party – this was for £8,000. Ms H made this transfer in branch and when asked by branch staff for the payment purpose, told them it was to buy a caravan. The payee name for the beneficiary account wasn't M's name.

Ms H made the second CHAPS transfer from her savings account on 26 July for £6,600. Ms H completed this transfer in branch again and gave the payment purpose as being the final payment for the caravan purchase. The same payee name was used as for the first transfer.

Ms H then made a third CHAPS transfer from her savings account on 3 August 2021 for just over £13,360. This transfer was completed in branch, but these funds were transferred to another account held in Ms H's name with another bank.

Ultimately, when Ms H was unable to send any further money to M the relationship broke down and he stopped communicating with her.

Ms H raised a fraud claim with NBS in October 2021, asking them to refund her. NBS declined to refund Ms H, for the following reasons:

- Ms H had been an employee and as part of her role had fraud training on how to identify a scam and deal with withdrawals where NBS had fraud concerns.
- Ms H was asked the reason for each payment and she provided realistic reasons.
- Branch staff recalled their interactions on two of the transfers and had no concerns at the time.
- The third payment was made to an account in Ms H's name, so the loss didn't occur on her NBS account.
- The withdrawals weren't considered unusual as NBS only offer savings accounts, which are often used to accumulate money then make a large payment.
- They were unaware of Ms H's vulnerability.

Ms H wasn't happy with NBS's response, so she brought a complaint to our service.

An investigator looked into Ms H's complaint and didn't recommend NBS refund her. They explained that they weren't considering the third payment as part of this complaint as it was fully refunded under a separate complaint. So, they were only looking at the first two payments Ms H made from her NBS account. The investigator highlighted inconsistencies in some of the testimony Ms H had given us around the timeline of events and the purposes for the money she was asked to send. Ultimately the investigator felt it was unlikely anything NBS said would've stopped Ms H from continuing with the payments.

Ms H disagreed with the investigator's opinion and asked for an ombudsman to review the case.

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.

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.

Having carefully reviewed the evidence, I'm not satisfied that I can fairly ask NBS to refund Ms H.

In broad terms, the starting position in law is that NBS are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

However, based on good industry practice I would expect NBS to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears unusual and out of character.

NBS say all three payments were made in branch with the assistance of NBS staff. For each of the payments Ms H was asked the purpose of the payment. NBS don't have detailed notes of the discussions with Ms H but say based on the information Ms H gave, the staff didn't have any concerns about the payments she was making.

NBS also noted that Ms H had previously been employed by them and had worked in a role where she would've been given training on how to identify a scam and would've provided

support to other staff if they had concerns about a payment a customer was making. NBS also say that Ms H was known to the branch staff who completed the payments for her.

I'm aware that NBS only offer savings accounts, so it wouldn't be unusual for someone to use an account to save up and then make a large lump sum withdrawal or payment. But, based on the value of the payments, I think NBS should've asked open questions to ensure that Ms H wasn't potentially at risk of fraud. However, I'm not satisfied that if they had it would've made a difference in this case, as I'm not persuaded that further questioning would've uncovered the scam or prevented Ms H from making the payments.

I say this because prior to making the payments from her NBS account, Ms H made two payments from an account she held with another bank. That bank stopped the second payment Ms H made as they had concerns and called Ms H to find out more about the payment. Ms H provided a fictitious story regarding the two payments she was making as part of an in-depth call with that bank. She explained that the payments (made to the same payee as the payments from her NBS account) related to a holiday she was booking. She said the person she was paying was known to her and provided a lot of detail to convince the bank that the payments were genuine. Also, I note that after the second payment was released by that bank, she stopped using that bank account for further payments and started using her NBS accounts.

When Ms H made the third payment from her NBS account, she did so as part of closing that account. Ms H transferred these funds to an account she held with another bank (separate to the other bank I've just referenced), and then proceeded to make further payments as part of the scam. I think it's more likely than not that Ms H moved the money to the other bank to get around NBS's fraud prevention attempts in order to continue making payments.

I think as a bank employee, based on the information we have, that it's more likely than not that Ms H was aware of the signs of a scam and would've known how to circumvent NBS's fraud prevention process. Which I think is supported by the lengths she went to in order to satisfy another bank that a payment was genuine, and by moving money between three banks in order to continue making payments when she was questioned about the payments. So, I'm not satisfied that there is anything that NBS could've done that would've convinced Ms H not to make the payments or prevented her from suffering the loss. On that basis, I can't fairly ask NBS to refund her.

My final decision

My final decision is that I don't uphold this complaint against Nottingham Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 2 April 2024.

Lisa Lowe
Ombudsman