

The complaint

Miss D complains about Nationwide Building Society.

She says that Nationwide didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost as a result.

What happened

Miss D had been researching cryptocurrency investments for some time, and in May 2023 came across an advert online for a company offering this type of investment. The company was supposedly endorsed by a well-known TV personality.

Miss D says that she checked the reviews online, and found they were positive. She filled in a contact form and received a phone call from an individual who was to be her account manager.

The individual talked her through how things would work, and Miss D began making payments which I have listed below. The payments went Miss D's account with C, another bank, before being transferred on to a cryptocurrency exchange.

Payment	Date	Payment type	Amount
1	08/05/23	Faster payment	£900 – blocked by Nationwide and returned
2	17/06/23	Faster payment	£200
3	14/07/23	Faster payment	£1,000
4	20/07/23	Faster payment	£270
5	27/07/23	Faster payment	£1,000
6	28/07/23	Faster payment	£1,000
7	03/08/23	Faster payment	£3,100
8	08/08/23	Faster payment	£1,720
9	14/08/23	Faster payment	£250
10	18/08/23	Faster payment	£1,600
11	24/08/23	Faster payment	£1,500
12	25/08/23	Faster payment	£1,900
13	30/08/23	Faster payment	£1,500
14	06/09/23	Faster payment	£3,500
15	08/09/23	Faster payment	£3,500
16	12/09/23	Faster payment	£6,500
17	15/09/23	Faster payment	£3,000
		Total loss	£31,540

Unfortunately, Miss D had fallen victim to a scam, which she realised when she tried to make a withdrawal from her investment and was unable to do so.

She reported the scam to Nationwide, but it didn't refund her any of the money she lost. Miss D then brought a complaint to this Service.

Our Investigator looked into things but didn't think that Miss D's complaint should be upheld. Miss D asked for an Ombudsman to make a final decision, 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.

Having done so, I've decided not to uphold this complaint. I know this will be disappointing for Miss D, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Miss D authorised the payments in question – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Nationwide should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider 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.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether Nationwide acted fairly and reasonably in its dealings with Miss D when she authorised payments from her account or whether it could and should have done more before processing them.

Nationwide has shown that it blocked the initial payment of £900 that Miss D made as part of the scam. When it did this, it spoke to her about what was happening, and after listening to what Miss D explained, Nationwide told her that this was a scam, and that she should not continue with the payment.

Miss D agreed with what Nationwide had told her – and said that she wouldn't make any further payments. Nationwide flagged the account that Miss D was trying to send the money to. However, Miss D kept communicating with the scammer, and subsequently carried on making payments – but this time to a different account in her name.

I wouldn't have expected payments 2-15 to have triggered any further action. The amounts weren't significantly unusual or suspicious enough that I think Nationwide needed to make a further intervention in what Miss D was doing. The payments were spread out over three months and didn't significantly jump in value. The payments also didn't go to the same account as before and were to an account in Miss D's own name, which was an established payee – and Miss D had already had a scam warning from Nationwide, which she told it she had listened to.

I do think that payment 16 may have warranted further investigation from Nationwide, as it was much larger than normal – but for me to uphold Miss D's complaint, I would have to think that a further intervention from Nationwide would have stopped Miss D from continuing with the payment, and I'm afraid that I don't think that it would, although Miss D has said that this would have stopped her from continuing.

Miss D had already been told by Nationwide she was being scammed but decided to continue anyway. Miss D had also been coached by the scammer into believing that UK banks do not like crypto currency, and Miss D says that she believed that Nationwide's warning was a general statement, rather than an actual warning.

Had Nationwide intervened again, I can't say that Miss D would have taken more notice of the warning than she previously did, especially as she had been coached by the scammer into believing that UK banks did not like crypto currency. And while I know that Miss D feels that the warning Nationwide gave was a general statement, I don't think that it was. It asked her about what she was doing and explained that she was being scammed and not to continue, which is not a general statement.

I am very sorry for the situation Miss D now finds herself in – she has lost a lot of money to cruel scam. But the loss she has suffered is the fault of the scammers, not Nationwide. And I can't ask it to refund her when it educated her about the risks, and she still chose to continue, and I don't think that a further intervention would have made a difference.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 2 January 2025.

Claire Pugh
Ombudsman