

The complaint

Mr and Mrs V have complained Nationwide Building Society won't refund money Mrs V spent as the result of a scam.

What happened

In 2019 Mrs V was looking for some assistance to help her in editing and publishing some books. She found an online service (who I'll call C) and in 2020 paid a total of £14,242.80 from the joint account she held with her husband. Mrs V received the physical copies of the books she'd written.

Mrs V continued to make payments to another company, D, for further services in 2021. These included marketing and advertising Mrs V believed were necessary to achieve decent book sales. From June 2021 until January 2022 Mrs V made 20 payments to D. These varied in value from £463 to £18,500. After that date Mrs V continued to make further payments using her sole account which she held with Nationwide. Those transactions are the subject of a separate complaint.

In August 2022 Nationwide started to identify a number of credits being made into Mrs V's sole account and queried these with her. Their concern was that they were unable to identify what these transactions were for, and in their conversations with Mrs V, they felt she was also unsure.

As Nationwide was concerned about their legal obligations and whether these transactions could be considered as breaching anti-Money Laundering requirements, they decided to close Mr and Mrs V's accounts and gave them two months' notice.

Mrs V realised she'd been a victim of a scam. Despite being promised the development of a personal website and the ability to use this for ecommerce opportunities, she was still being asked for further funds to release items for potential sale. Mrs V complained to Nationwide and asked them to reimburse the money she'd lost as the victim of a scam.

Nationwide stuck to what they'd told Mrs V in August 2022 that she may well have been mis-sold services and potentially overcharged but that they didn't believe they should refund her. They felt her best route was to consult legal advice.

Mrs V has brought complaints to our service.

Our investigator wasn't convinced that Mrs V had been the victim of a scam as Mrs V had received services in return for the money she'd spent. She wasn't going to ask Nationwide to refund any funds to Mrs V.

Still unhappy, Mrs V has asked an ombudsman to consider Mr and Mrs V's complaint.

I completed a provisional decision on 15 August 2024. I came to a different conclusion and felt that Nationwide should have identified issues with the payments Mrs V was making. If they'd done so, she would have ceased making payments and realised it was a scam.

I asked Nationwide to refund half of Mrs V's losses from 2 September 2021.

Mrs V's response was unclear as she didn't provide this direct to our service. Nationwide accepted the outcome and confirmed they would be refunding £51,790.50 on the basis that Mrs V hadn't received any further refunds from elsewhere.

I now have all I need to complete my final decision.

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 reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I have considered the issue of account closure but I don't believe this is now the main thrust of Mrs V's complaint. However, based on what I've seen and Nationwide's concerns about the regulatory threat posed by the credits Mrs V's was receiving, I am satisfied that their terms and conditions allow them to take action and close Mr and Mrs V's account.

Contrary to what our investigator believed, I don't dispute Mrs V was scammed and has lost a considerable amount of money from her life savings. She has my sympathy about what she has gone through.

I say this because – despite there being numerous invoices for services that were being supposedly supplied to Mrs V – I can't see any evidence of D providing these services to any standard at all. I also note Nationwide's comprehensive customer notes repeatedly confirm they too believed this was a scam. For example, the notes among many similar references state: *"the businesses customers have been dealing with scream scams"*.

I should confirm that separately I do believe payments Mrs V made to C were for 'genuine' services – although not necessarily to a good standard. These payments can also be seen as reasonably ring-fenced. They took place in June and September 2020. I don't believe these were scam payments, but in addition they took place almost a year before the 20 payments that I am reviewing.

There's no dispute that Mrs V made and authorised the large number of card payments to D from June 2021 to January 2022. Mrs V believed she was paying for services and was in regular WhatsApp and phone discussion with individuals working for the business providing services. I've also reviewed the invoices Mrs V has shared with us. As she, herself, noted on many occasions to Nationwide and ourselves, she was concerned about the poor use of English in messages supposedly from individuals helping to create marketing materials to support the sales of her books.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

In broad terms, the starting position at law is that a financial institution such as Nationwide is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in 2021-22 that Nationwide should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment;
- 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.

I'm satisfied that Nationwide ought to have recognised that the increasingly regular card payments carried a heightened risk of financial harm from fraud because of the value of the transactions and the fact they didn't seem similar to Mrs V's normal use of her Nationwide accounts.

I think that a proportionate response to that risk would have been for Nationwide to have intervened.

It is clear from the evidence submitted to our service by Nationwide that they didn't intervene. In fact, ironically, they only intervened as Mrs V was receiving payments into her sole account by the fraudsters. I'm sure Mrs V was receiving these payments as part of the scammers' intention to defraud Mrs V of further amounts of about £50,000. However, between June 2021 and January 2022, Mrs V made payments amounting to more than £120,000.

I believe Nationwide should have identified something amiss was going on by the time of the fifth card payment made on 2 September 2021. This transaction was for £11,199. Nationwide will be aware of the escalating value of the transactions Mrs V was making and the volume of payments. All of these should have concerned Nationwide.

I am conscious that Nationwide believes Mrs V was fully immersed in the scam and believed she was buying proper services. They doubt whether anything they'd have said would have had any impact on her.

However, I disagree. I don't think, by this stage, anyone had challenged Mrs V about what she was paying out for. Despite the invoices she was receiving, I think she was keenly aware that she was spending a lot of money and was having trouble identifying what services she was receiving. She already had concerns about the physical books she'd received a year earlier and remained confused by the poor use of English involved in marketing books. I believe any intervention by Nationwide would have provided the dose of sense that was required here.

I have also considered whether Mrs V's actions have contributed to what happened. And I

am satisfied that she has contributed to her financial losses.

Whilst Mrs V has told us she checked the bona fides of C, I don't believe she can have done anything similar for D as they seem to have no visible presence. She was also highly sceptical when Nationwide was discussing what was going on in August 2022. But I note that she was also concerned about potentially having to hire legal services to recoup her losses.

Putting things right

This means that I will be asking Nationwide to refund half of her losses from the time I believe they should have intervened.

I believe it is fair and reasonable that Nationwide refund half of the value of transactions Mr and Mrs V authorised from 2 September 2021 to 13 January 2022.

Nationwide in their response to the provisional decision confirmed half the amount from 2 September 2021 to 13 January 2022 amounts to £51,790.50 so that's the amount I will be instructing them to refund Mr and Mrs V.

Nationwide has mentioned that they will refund to Mr and Mrs V's account but, to my knowledge and as laid out above, Nationwide closed Mr and Mrs V's account in 2022. I'm sure Mrs V will confirm the account details for where she wants the refund paid to.

My final decision

For the reasons given, my final decision is to instruct Nationwide Building Society to refund £51,790.50 being half Mrs V's losses from 2 September 2021 to 13 January 2022 on the account she held jointly with Mr V.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V and Mrs V to accept or reject my decision before 15 October 2024.

Sandra Quinn
Ombudsman