

Complaint

Mrs L is unhappy that Nationwide Building Society didn't reimburse her after she fell victim to an investment scam. She has a complaint against a different business regarding losses connected to the same scam. This decision only deals with the losses from her Nationwide account.

Background

In February 2023, Mrs L saw an advert online promoting investments in cryptocurrency. It appeared to have been endorsed by a well-known public figure. She contacted the company to ask about making an investment. Unfortunately, she wasn't dealing with a genuine investment firm, but a scammer.

She made a small initial investment which grew quickly. However, she then lost contact with the company. Several months later, she was contacted by someone who claimed they could help her recover the money she'd lost to the investment. This, too, was a scam. I understand she downloaded remote access software to her laptop and allowed this individual access to her internet banking. She saw the scammer move money between her accounts and apply for loans.

A loan of £18,000 with Nationwide was taken out in her name. The proceeds were paid into her Nationwide account. She then made three payments to an account in her own name with a different business that I'll refer to as Bank A. Those payments were as follows:

- £20,000 on 11 May 2023
- £7,500 on 12 May 2023
- £1,645 on 6 June 2023.

Nationwide temporarily stopped the first payment so that it could speak to Mrs L and ensure that she wasn't at risk of fraud. She was asked what the purpose of the payment was. She said *"my son and I are trying to pay off the mortgage for a second house I have. So, we're trying to put money together to pay this off."* The Nationwide employee noted that she'd applied for a loan and that she'd stated the purpose of the loan was to buy furniture. Mrs L said that *"there wasn't a lot of choice. That was the nearest I could get to it ... It is for the house."* Finally, the employee of Nationwide asked whether anyone had asked her to download anything to her device or her laptop. She confirmed that they hadn't.

Once she realised she'd fallen victim to a scam, Mrs L told Nationwide. It looked into things but it didn't agree to reimburse her. It said that, as she had made the payments to her own account at Bank A, Nationwide wasn't liable for her losses. She should instead complain to Bank A.

Mrs L was unhappy with that and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. The Investigator said that Nationwide had done everything expected of it to protect Mrs L from the risk of a scam. The way Mrs L answered its questions wouldn't have suggested there was any risk that she was falling victim to a scam.

Mrs L disagreed. She said that she didn't authorise any of the payments listed above, but that the scammer did so via remote access. She also said that she'd arranged the £18,000 loan to refurbish another property but that the scammer took that money from her without her consent. As Mrs L disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Nationwide be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

In this instance, it did intervene in connection with the first payment. Mrs L gave inaccurate and misleading responses to the questions put to her. Unfortunately, that meant any efforts to protect her from the fraud risk were unlikely to succeed. She says that she didn't authorise any of the payments. However, it's clear from the phone call on 11 May that she did consent to the transfer of £20,000 to her account with Bank A, even if she didn't actually initiate the payment herself. There was no similar call in connection with the second and third payments, but I don't find it very likely that they were made without her knowledge.

I say that because her explanation of events hasn't been consistent throughout. When she first spoke to our Investigator, Mrs L said that she hadn't taken out an £18,000 loan, but that the application was made by the scammer. She said that she only found out about the loan later on. That isn't supported by the contents of the conversation she had with Nationwide in which it was clear that she knew a loan had been taken out. In addition to that, she has since told our Investigator that she took out the loan to refurbish another property, but the scammer took it and that contradicts the original version of events she gave us.

Overall, I agree with the Investigator that Nationwide took the steps I'd expect it to when it spotted out of character activity on her account and so I don't think it needs to reimburse her. I don't say any of this to downplay or diminish the fact that Mrs L has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is limited to looking at the actions and inactions of Nationwide and I'm satisfied it didn't do anything wrong here.

Mrs L has told our service about the implications of the scam for her and the financial difficulties she's suffering as a consequence. In the light of that, I'd like to remind Nationwide of its regulatory obligation to treat customers in arrears difficulties with forbearance and due consideration. If Mrs L finds that Nationwide doesn't treat her fairly in light of her financial difficulties, she may be entitled to make a new complaint about that issue.

Final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 8 May 2024.

James Kimmitt
Ombudsman