

The complaint

Mr S 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 S saw an advert on social media offering the chance to make money with loan refunds. He messaged the person who posted the advert to ask how it worked and was told loans would be applied for in his name. He would then send half of the loan money to bank details the person gave him, and the loans would then be cancelled – leaving Mr S with the remaining half of the loan money. And as Mr S thought this would be a good opportunity to help with his finances, he decided to go ahead.

Mr S gave the person he had messaged his log-in details to access his credit file. Three loans were applied for in his name and the funds from these loans were received into an account Mr S held with another bank. And Mr S then sent six payments from this other account to the bank details the person gave him for an account with Nationwide. But the loans were not then cancelled, so Mr S realised he had been the victim of a scam and reported the payments to Nationwide.

Nationwide investigated but said the account the payments were made to was opened in line with its internal procedures. It said it had taken all necessary action once it was made aware of the scam but hadn't been able to recover any of the funds. And it didn't think it had made any errors. So it didn't agree to refund the money Mr S had lost. Mr S wasn't satisfied with Nationwide's response, so referred a complaint to our service.

I sent Mr S and Nationwide a provisional decision on 26 April 2024, setting out why I wasn't intending to uphold the complaint. An extract from my provisional decision is set out below:

"I understand that this will be disappointing to Mr S, and I appreciate that he feels has been the victim scam. But, unfortunately, being the victim of a scam doesn't automatically entitle a customer to a refund from the bank the money was sent to.

Our investigator didn't think Mr S's circumstances met the necessary definition of a scam, as they didn't think Mr S could reasonably have thought the person he was messaging was legitimate. But even if Mr S's circumstances did meet the definition of a scam, in order for me to fairly ask Nationwide to refund the money he lost I'd need to be satisfied that there was some error or failing by Nationwide which led to his loss. But I'm not satisfied that is the case here.

Nationwide has shared information with this service in order to allow us to investigate Mr S's complaint. And while I am limited in what I can share with Mr S, I can assure him that I have carefully reviewed all the information provided before issuing this decision.

Nationwide has sent us evidence of the checks it completed when the account Mr S sent the money to was opened. And from what I've seen, I'm satisfied Nationwide correctly followed its account opening procedures and carried out checks to verify the identity of the named

account holder, in line with its regulatory obligations. I haven't seen evidence of any failings by Nationwide in relation to the opening of the account, so I don't think I can fairly say that it missed an opportunity to prevent Mr S's loss at that time.

I also don't think Nationwide failed in its monitoring of the account the money was sent to. I've seen statements showing the activity on the account, which I think was in line with what would be expected of an account of this nature. And I don't think there was anything obviously erratic or too concerning about the pattern of incoming payments or spending from the account where I'd expect Nationwide to have blocked the account before the money Mr S sent was spent from the account.

Finally, I've considered Nationwide's actions once it was notified of the scam. But from what I've seen, the money Mr S sent had all been removed from the account it was sent to before Nationwide was made aware of the scam. And so nothing I would reasonably have expected Nationwide to have done would have led to any more of Mr S's money being recovered.

I'm very sorry to hear of what has happened to Mr S and I appreciate that this outcome will come as a disappointment to him. But, for the reasons I've set out above, I don't think Nationwide has acted unreasonably here or that anything I would've expected it to do would have prevented Mr S's loss or recovered his money. And so I don't think it would be fair to require it to refund the money he lost."

I said I'd consider anything further Mr S and Nationwide sent in.

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.

Nationwide said it didn't have anything further to add following the provisional decision.

Mr S responded, saying that he had sent a large amount of money to the receiving account in a short period of time and that there were likely other victims of the scam who had sent money to the account too. So he thought the activity on the account the money was sent to should have been concerning to Nationwide, and that it should have done more to investigate it.

Nationwide does have an obligation to monitor the activity on accounts held with it in effort to prevent and detect the receipt of funds from scams. And I appreciate that Mr S did send a significant amount of money to the account over a relatively short period of time.

But having looked at the information we've been sent about the activity on the account around the time of the payments he sent, I don't think there was anything about the activity that should have prompted Nationwide to have any concerns.

While data protection reasons mean I can't share any details with Mr S, I don't think there was anything in the pattern of payments to and from the account that I would have expected Nationwide to identify as particularly suspicious. And I think the activity on the account was in line with what would be expected on an account of this nature.

So I don't think Nationwide failed to meet its obligations in respect of monitoring the account, or acted unreasonably in not stepping in to query the activity on the account before it was notified of the scam.

And so I still think the conclusions I set out in my provisional decision are correct.

I appreciate that my decision will come as a disappointment to Mr S. But, for the reasons I've explained, I still don't think Nationwide has acted unreasonably here or that anything I would've expected it to do would have prevented his loss. And so I don't think it would be fair to require Nationwide to refund the money Mr S lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 June 2024.

Alan Millward
Ombudsman