

The complaint

Miss A complains that Nationwide Building Society hasn't refunded her after she reported falling victim to a scam.

What happened

The background to this complaint is well-known to both parties and so my summary of events will be brief.

Miss A joined an online prayer group in 2021. Through this she joined a WhatsApp group and was ultimately introduced to someone I'll refer to as Mr A. The pastor of the group confirmed Mr A was his relative. The two of them messaged each other and attended the same prayer meetings for several weeks.

Around the beginning of April 2021 Mr A put forward a business proposal to Miss A. He said he already worked for a parcel delivery service and that there was an opportunity to make money here, with a 10-15% return being achievable within three months.

The proposal was to enter into the parcel delivery firm's partnership opportunity and to be paid for the deliveries. Mr A said he already had access to a van and so would carry out deliveries on Miss A's behalf.

Miss A has said she had seen Mr A in his delivery service uniform and the van he drove, so she was confident about who he worked for.

Mr A also put forward a proposal for the importing and selling of gold. Mr A said he would take care of everything, and that Miss A would make 5% profit on each trade. Miss A has said she was sent photos of the gold and the prices that it could be bought and sold at. She's also explained how she checked those prices online and with merchants.

Miss A decided to proceed with both proposals. She sent Mr A a total of £34,000 from her Nationwide account. This was sent across three bank transfers on 17 April 2021 and two more on 21 April 2021. She also sent money from an account elsewhere, with payments being made on 16 and 21 April 2021. Further payments were made in June and September 2021, which brought the total sent from the other account up to £9,210.

But once Miss A sent the money, she never saw any of the promised returns. Mr A kept making excuses but never paid Miss A any money. He eventually cut-off contact.

Miss A told Nationwide about what had happened in November 2023 and it investigated her scam claim. It agreed she'd been the victim of a scam and that it could have done more to try and protect her. But it didn't think Miss A had a reasonable basis for believing Mr A's proposals were legitimate. On that basis Nationwide agreed to refund 50% of Miss A's loss.

Miss A was unhappy with Nationwide's offer and so brought her complaint to this service. She felt she'd taken enough steps to make sure the opportunities were legitimate, and she explained how she'd taken a good deal of confidence in the fact she'd met Mr A through her prayer group, with the pastor confirming a family connection.

One of our investigator's considered the complaint and didn't recommend it be upheld. He felt Nationwide had responded to Miss A's complaint fairly and reasonably, and that its offer to refund 50% of her loss was the right outcome.

Miss A disagreed and 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'm reaching the same outcome as our investigator and for broadly the same reasons.

The starting point at law is that Miss A is responsible for any transactions made from her account which are properly authorised. This is set out in the Payment Service Regulations (2017) and confirmed in Miss A's account terms and conditions.

Nationwide is, however, a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. The Code is in place to see the victims of scams reimbursed in most circumstances. But there are exceptions to reimbursement a firm like Nationwide can rely on to deny a refund. Nationwide believes one such exception applies here but has said it fell short in terms of protecting Miss A, which is why it's refunded 50% of Miss A's loss.

Nationwide accepts it didn't do enough to protect Miss A. It's said it didn't meet the Standards for Firms set out within the Code, having not provided adequate warnings and interventions at the time payments were being made, which means it is responsible for refunding at least some of Miss A's loss.

But it's also said Miss A didn't hold a reasonable basis for believing the proposals from Mr A were legitimate which, broadly speaking, is an exception to reimbursement under the Code. I believe Nationwide's position here is fair and reasonable, so I won't be telling it to refund Miss A any more of her loss. There are a few key reasons for my findings here:

- It doesn't appear there was any paperwork, contracts, receipts, invoices, or anything else someone might expect in entering into a form of business or investment relationship. There's little to no evidence of what was agreed, with very little detail being confirmed in any format, including the messages between Miss A and Mr A. This doesn't seem reasonable, especially when considering the sums being sent to Mr A.
- I can't see there were reasonable steps taken to verify the legitimacy of either proposal.
 - Miss A has said she checked the parcel delivery firm's website and could see they did offer some partnership arrangements. But these appear to have differed in nature significantly to the proposal put forward by Mr A, with the opportunity described online referring to a business (such as a local convenience store) collecting parcels either from customers or the delivery firm, ready for onward distribution.
 - It's unclear how the proposed activity, and Miss A's investment into it, would generate any income or how much.
 - It's unclear from where or how the gold was to be sourced, what arrangements were made for import or onward sale, that there was any existing business Mr A was a part of, or confirmation Mr A had any experience or connections in this field.

Miss A has explained how there was a significant level of inherent trust because of how she'd met Mr A (through the prayer group) and because the pastor had confirmed the family connection. She's said how this not only informed her basis for belief, but that it made her vulnerable to the scams.

It is the case that the CRM Code has special provisions for reimbursement where it can be established that the victim was vulnerable to the extent that it wouldn't be reasonable to have expected them to protect themselves from the scam they fell victim to. But I'm not persuaded those provisions apply here. And nor am I persuaded the nature of the relationship and how it came about establishes a reasonable basis for belief.

I can accept that Miss A did consider the method of introduction to mean there was an inherent level of trust. But it was still possible for Miss A to think about the proposals, how reasonable and likely they were, and to want to see some kind of evidence of what was being promised. I think making such enquiries would have been the reasonable course of action here and I again reference the sums of money being sent to Mr A. There's nothing to suggest Miss A was unable to carry out such checks.

I am sorry that Miss A has lost such a significant sum of money to a cruel scam. It's particularly wicked that someone has preyed on her trusting nature, using her faith as a means to ingratiate themselves with her. But I find Nationwide's response to her complaint and the outcome given under the CRM Code to be fair and reasonable in the circumstances of this complaint.

Nationwide told Miss A it had contacted the bank she sent her money to, to see if it could be recovered or whether they would repay anything. I can't see what response was received, but it appears nothing was returned. And I know from Miss A's other bank that it was told no money remained in the receiving account and so there was nothing to return. And so the same would apply here.

My final decision

I don't uphold this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 4 February 2025.

Ben Murray
Ombudsman