

The complaint

Mr D complains that Nationwide Building Society hasn't reimbursed him after he reported falling victim to a scam.

Mr D is represented in his complaint by solicitors whom I'll refer to as M.

What happened

The background to this complaint is well-known to both parties and so I'll only provide a brief overview of events.

Mr D was looking for investment opportunities and came across a company offering help with investments into cryptocurrency. Mr D has said he saw some positive reviews online and received a recommendation for the firm. He was told the returns on his investment would be good and he decided to invest.

What Mr D didn't know at the time is that he was engaged with scammers intent on stealing his money.

This was in March 2021 and that's when Mr D sent his first payment, of £11,304.85, to the scammers. Over the next twelve months he went on to make nine further payments to the scammers, with an overall value of £66,367.66 (including the first payment).

Mr D realised he'd been scammed when the promised returns didn't materialise. He engaged the services of M, and the scam was reported to Nationwide. It considered the claim and recognised it ought to have done more to protect Mr D at the time he was making payments, and so it agreed to refund 50% of his loss.

But it said that Mr D had lacked a reasonable basis for believing he was paying legitimate parties for legitimate purposes. It noted he'd carried out very few checks and little research on the company he believed he was investing with and so felt he should bear some responsibility for the loss.

That outcome wasn't accepted by Mr D or M and so the complaint has been referred to this service. One of our investigator's has already considered the complaint and didn't recommend any further redress be paid by Nationwide. He said it had acted fairly and reasonably in refunding 50% of Mr D's loss. In making that finding he said Nationwide's position on Mr D's reasonable basis of belief was fair. He noted:

- Whilst Mr D said he'd carried out checks online and seen positive reviews, there was clear evidence of negative reviews of the organisation, openly stating it was a scam;
- Mr D saw no evidence or proof of anyone else receiving returns;
- Mr D appeared to have little idea of what he was investing in, how the investment worked, or how returns were to be generated. Our investigator felt this demonstrated that Mr D had done little to verify the legitimacy of the investment, despite the

significant sums of money he was sending.

M – on behalf of Mr D – didn't accept the outcome. It said in response to the investigator's findings:

It is the bank or building society's duty to protect their customer's accounts and if Mr D was not fully able to explain how the investment worked, this should itself have been a red flag to Nationwide.

As an agreed outcome hasn't been reached the complaint has been passed to me for a 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'm reaching the same outcome as our investigator and for broadly the same reasons.

It isn't in dispute that Mr D authorised the transactions in question. He is therefore presumed liable for the loss in the first instance, as per the Payment Service Regulations (2017) and the terms and conditions of his account.

However, Nationwide is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. It is also a signatory to the 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 that can be relied upon in denying a consumer refund.

Nationwide has accepted that it didn't do enough at the time payments were being made toward the scam. As such it has failed to meet its requirements under the Code and so becomes responsible for at least some of Mr D's loss.

But it can still seek to rely on an exception to reimbursement in order to share that responsibility. And it's fairly and reasonably done so here. The Code sets out that a firm can withhold reimbursement where it can be shown the customer made a payment without a reasonable basis for believing they were engaged with legitimate parties for legitimate purposes.

Both Nationwide and our investigator found that exception to reimbursement could be fairly and reasonably applied. M has made no valid argument that it can't be applied or that Mr D did, in fact, have a reasonable basis for belief.

Instead, M has, in effect, referred back to failings on Nationwide's part that rely on the detection of the scam, the potential questioning of the payments Mr D was making, and what that questioning might have revealed. The aim being, it seems, to highlight again the failings of Nationwide. But those failings have already been addressed by the 50% reimbursement. The applicable exceptions to reimbursement set out in the Code must also be considered. M's response to the investigator's findings ignores the exception to reimbursement entirely, rather than seeking to address it. And, as such, I can see no grounds for me to say Mr D did

have a reasonable basis for belief, given the circumstances and details of the scam, and taking account of the key details highlighted in this decision.

Once the scam was reported, Nationwide contacted the firms where the receiving accounts were held in an attempt to recover any remaining funds. But, unfortunately, there was nothing left.

It's then my overall finding that the 50% reimbursement made by Nationwide represents the fair and reasonable outcome of this complaint.

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 Mr D to accept or reject my decision before 21 March 2025.

Ben Murray
Ombudsman