

The complaint

Mr S is unhappy that Nationwide Building Society won't refund payments he made as part of a scam.

Mr S brings his complaint through professional representatives, but for simplicity I've referred to his actions throughout.

What happened

Mr S says in early 2023 he was told by a friend about an investment opportunity, with a company I'll call "F". The friend had been investing for a couple of months and had seen good returns, and Mr S's own research on F showed it had been going for over a decade. After registering his details online he was contacted by one of F's brokers, who showed him a professional looking platform. He was told he'd need to send cryptocurrency to the platform to be traded. Confident it was legitimate, Mr S sent £4,500 from his Nationwide account to an existing e-money wallet he held at a regulated firm I'll call "K". That wallet was linked to a cryptocurrency provider – so once the money was at K, Mr S used it to buy cryptocurrency – which he then sent on to the details he was given for F's platform.

Mr S says he watched his profits increase on the platform over many months, but when he tried to withdraw he was told large fees would need to be paid. He checked this with his friend, who revealed he'd previously paid the withdrawal charges but still not been able to access his funds. That's when Mr S says he realised he'd also been scammed.

Mr S raised the matter with Nationwide, who was signed up to the Contingent Reimbursement Model (CRM) code – a voluntary scheme that provided refunds for fraud in certain scenarios. But Nationwide said the payment wasn't covered by the CRM code as it had gone to another account in his own name (excluded under the scheme rules). A complaint was raised and Nationwide maintained it wasn't liable to provide a refund, as the loss had occurred from Mr S's cryptocurrency wallet, rather than his account with the building society. Mr S wasn't happy with the response, and so referred the complaint to our service for review.

One of our investigators considered everything and didn't recommend the complaint should be upheld. In his view, the payment wouldn't have looked very suspicious – as several transfers had previously been made to his wallet at K. This one was larger, but the investigator thought that even if a warning had been given, highlighting the key features of these scams, it wouldn't have resonated with Mr S – as the circumstances weren't typical. He'd come to the opportunity via a friend and had done his own research, so, in the investigator's opinion, he wouldn't have likely been deterred by a warning.

Mr S didn't accept the investigator's view, and asked for an ombudsman to reconsider the matter. So the complaint was passed to me for a final decision on the fair outcome.

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 not upholding Mr S's complaint. I appreciate that will come as great disappointment to Mr S, who I know feels strongly that Nationwide should have done more. I was also saddened to hear about how much the incident had affected him. But what I must decide is whether Nationwide should be liable for the loss. On balance, I don't think that's the case here – and I've explained my rationale below.

In broad terms, the starting position in law is that a payment services provider like Nationwide is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Mr S 'authorised' the transaction in question (he made it), albeit under the belief it was for a legitimate investment opportunity. So Nationwide were under an obligation to process the payments – but that isn't the end of the story, as far as its responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. I've also applied Nationwide's terms for the account, which say it can refuse a payment that it reasonably suspects is being made as part of a scam. Those together mean I consider Nationwide should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk. This payment wasn't covered by the CRM code either. That voluntary scheme didn't apply to payments going to another account in the customer's name (which was the case here). So Mr S would only be entitled to a refund if Nationwide made a mistake when allowing it to go through unchecked (for example, if it didn't act on clear indications he was falling victim to a scam).

Nationwide has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment. Nationwide didn't intervene prior to processing this payment. So the question for me to decide is whether the disputed transaction ought to have looked concerning enough to have prompted a fraud check before allowing it. But first, I need to be satisfied the payment resulted from a scam – as Nationwide's responsibility (from a fraud perspective) only kicks in if this payment was scam related. Based on the evidence I've seen, I'm not currently persuaded it was.

I haven't been able to find sources online to verify that F was a scam, perhaps because there seems to be a legitimate company with the same name as F. So it's possible Mr S was dealing with a clone of the real one, though I also haven't seen any mentions of people being scammed by a clone or warnings up about that either. Mr S has sent us some evidence of his contact with representatives from F, but none of those emails were in relation to the payment he has disputed – and the content of the messages doesn't demonstrate it was a scam (for instance, there isn't any covering the withdrawal fees or showing he couldn't get his money out). So, apart from Mr S's testimony, we don't have anything to corroborate he eventually sent the disputed transaction to F, and it was lost from there. All we've been able to tell is the funds went to Mr S's wallet at K, where he had previously sent money to, and that at a later point he was in touch with agents at F, which may have been a scam (we can't confirm).

If this was a scam, then I don't think an intervention from Nationwide would have prevented the loss anyway. This was the largest payment on the account in at least a year, and was

going to a cryptocurrency linked wallet at K – so it carried an elevated risk of being scam related. But Mr S had made multiple cryptocurrency related transactions on the account in the year prior to the disputed payment, to different providers, and some of them large (one was for £1,000). Nationwide also knew this wallet was likely under his control. So, even though the payment in question represented an escalation in the previous cryptocurrency activity, I don't think it would have looked risky enough or sufficiently out of character to warrant Nationwide's fraud team questioning Mr S about it over the phone. I consider a written warning, tailored towards the risks of cryptocurrency investment scams, was needed in the circumstances though (given there was some risk attached to it) – and not providing one before allowing the payment was a failing on the firm's part.

Had Mr S been shown a warning that highlighted the key features of these types of scams I don't think it would have resonated with him sufficiently to stop him going ahead with the payment. That warning would have alerted him to things like the risks of opportunities found on social media, investments claiming to be risk free and promising returns that seemed too good to be true, the use of screen sharing software, the involvement of third party brokers where you have no control over the funds once they reach the platform, and the need to research the company giving the investment advice (e.g. checking whether it was regulated or if there are any warnings up about them). However Mr S had been introduced to the investment via a friend, who had seen returns over a couple of months, and he'd researched F and likely found the details for the legitimate version. So he likely felt reassured he was dealing with a genuine investment company, and his previous experience in using cryptocurrency platforms also likely added to his confidence in making the payment.

Overall, I don't think the typical features that would be highlighted in a warning would have spoken to his circumstances enough to make him think twice about making the payment – and I don't think further research at that point would have uncovered the scam either. So, while I'm sorry Mr S has lost this money, I haven't found that it was definitely lost to a scam or that Nationwide ought to have prevented it (or could have done more to recover the funds, given he sent them on from the wallet the payment went to). Therefore I'm not directing Nationwide to refund the disputed transaction.

My final decision

My final decision is I don't uphold Mr S's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 September 2025.

Ryan Miles
Ombudsman