

The complaint

Mr and Mrs D complain that Nationwide Building Society (“Nationwide”) won’t refund them the money they lost to what they believe was a scam.

Mr and Mrs D bring their complaint with the assistance of professional representation, but for readability, in what follows I will refer solely to Mr and Mrs D.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary I understand it to be as follows.

In 2018, Mr and Mrs D invested in an unregulated property scheme through a company, that I’ll refer to as ‘A’. They were persuaded to invest £25,000 into property bonds, with the investment being paid through four bank transfers (listed below), from their Nationwide account;

20 April 2018	£10,000
22 June 2018	£5,000
19 July 2018	£5,000
19 July 2018	£5,000

Between June 2019 and December 2021, Mr and Mrs D did receive some interest returns on the investment, totalling £5,874.50. But they became concerned that they may have been the victims of a scam when the interest payments stopped and they heard concerns about A from other investors.

Mr and Mrs D raised the matter with Nationwide and it looked into their complaint. Nationwide issued its final response on 27 March 2024, not upholding the complaint. In summary, it didn’t agree that it had done anything wrong. It added that it hadn’t received information that it had requested to enable a detailed investigation to be carried out.

Unhappy with Nationwide’s response Mr and Mrs D brought their complaint to this service. One of our Investigators looked into things but didn’t think that their complaint should be upheld. In summary, our Investigator’s view was that she didn’t think Nationwide should reasonably have been expected to prevent Mr and Mrs D from making the payment. She considered that, even if Nationwide had intervened, Mr and Mrs D would still have wanted to go ahead with the payment at the time, as the company they were paying and the documents they received would have appeared to have come from a genuine company. Overall, she didn’t think Nationwide would have suspected there was a fraud risk.

Mr and Mrs D didn’t agree with our Investigator’s view. As an agreement 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.

I'm sorry to hear of what's happened to Mr and Mrs D, and I can understand entirely why they feel so strongly that this money should be returned to them. But having thought very carefully about Nationwide's actions, I think it did act fairly and reasonably in allowing the payments to leave their account.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position in law is that Mr and Mrs D are responsible for transactions they've carried out themselves. Mr and Mrs D don't dispute that at the time, they intended to make the payments, albeit with the belief they were towards a legitimate investment. But that isn't the end of things, Nationwide along with other payment services providers, should be monitoring accounts and be on the lookout for unusual transactions or other signs of fraud.

With this in mind I've considered whether the payments Mr and Mrs D made were ones Nationwide should have had particular concerns about. In doing so, I'm mindful that financial firms, such as Nationwide, have a difficult balance to strike in fulfilling their obligation to process payments in line with customer's instruction against identifying, and intervening in, potentially fraudulent payments.

In the individual circumstances here and considering the statements on Mr and Mrs D's account in the months leading up to the scam, I think there was enough going on when the first payment (for £10,000) was made, that Nationwide ought to have questioned Mr and Mrs D more about the payment, before allowing it to be progressed. I say that as, although there were two other large value transactions made from the account previously – these were just a few days before, so to have seen another payment so soon, for twice as much as those previous payments and to a new payee ought to have stood out as being untypical of how the account was usually run.

But this, in and of itself, isn't enough for me to say Nationwide should refund Mr and Mrs D the money they lost. The crux of this complaint centres on whether any intervention would have made a difference, so I also need to be persuaded that sufficient intervention would have made a difference and prevented the payments from being made. Of course, I can't know for sure what would have happened had Nationwide probed Mr and Mrs D further about these payments. So, I have to base my findings on the balance of probabilities – that is, what I think is more likely than not to have happened, taking into account what I know. Having thought carefully about this, sadly I don't think any further intervention at this point is more likely than not to have made a difference.

I say that as, had Nationwide questioned Mr and Mrs D about the payment, I think that they would have told it the truth – that they were making an investment with A, which appeared – through its registration with Companies House – to be a legitimate business. At the time Mr and Mrs D made the payment, it was actively trading and I'm not persuaded Nationwide would reasonably have suspected any risk. I think this is supported by what subsequently happened, with a number of interest payments actually being made to Mr and Mrs D and the issues only coming to light about A many months/years after the transactions were made.

As well as this, Mr and Mrs D have said that they were provided with brochures about the company and they have provided copies of some of the correspondence/copies of bond certificates I understand they received at the time. These appear professional and not

obviously anything other than legitimate. On the face of it, I don't think there was enough here for Nationwide to have reasonably suspected A was other than it seemed.

I'm also not aware that at the time, there was any public information that Nationwide ought to have been aware of and reacted to. Or indeed information that Mr and Mrs D would have come across had Nationwide suggested they complete more checks. On balance, I don't think that Nationwide reasonably ought to have had concerns at the time. And I'm satisfied that Nationwide hasn't missed an opportunity to prevent the payment before it was sent. It follows that I think this would have also been true for the subsequent payments that Mr and Mrs D went on to make.

Unfortunately, given the time that elapsed between when the payments were originally made and when Nationwide were notified of Mr and Mrs D's concerns, I don't think there was any reasonable prospect of Nationwide being able to recover any of the money Mr and Mrs D had paid. I'm satisfied that recovery from the beneficiary bank was not a viable option.

It's very unfortunate Mr and Mrs D have lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for them. But in the circumstances, having carefully considered everything Mr and Mrs D and Nationwide have submitted, I don't find Nationwide could have reasonably prevented Mr and Mrs D's loss here. Neither do I find it materially at fault otherwise.

My final decision

My final decision is that I don't uphold this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 17 April 2025.

Stephen Wise
Ombudsman