

The complaint

Mr N is unhappy Nationwide Building Society didn't refund payments he made as part of a scam.

Mr N brings his complaint via professional representatives, but for simplicity I've referred to the actions of Mr N throughout this decision.

What happened

In 2021 Mr N was invited by a friend to attend a presentation about an investment opportunity. The company, I'll call "F", promoted the investment through webinars and had celebrity endorsements. Mr N registered his interest and was shown a professional looking website and trading platform. He was added to a group chat on an instant messaging service, where he was persuaded to join by the testimonials from (what seemed to be) other investors. Mr N says F pretended to be authorised by the Financial Conduct Authority (FCA).

Mr N was assisted through screen sharing software in setting up an account with F, and was told to send cryptocurrency to the platform to be traded. He opened an account, with a provider I'll call "C", to facilitate the conversion of his funds into cryptocurrency – as it had links to an exchange. So Mr N sent money from his Nationwide account to his account with C, and from there sent it to an exchange to be converted into cryptocurrency. He then withdrew the cryptocurrency to an external wallet to fund his account at F.

Mr N invested two smaller amounts this way (for £250 and £550), a month apart in early 2021 – and over the next few months he saw his profits on the trading platform increase. That persuaded him to send a larger payment to F for £7,000 in November 2021. Shortly after that third payment to F, it stopped allowing funds to be withdrawn from the platform. It said it would be launching a debit card to facilitate withdrawals, but Mr N never received any of the promised returns. Then in October 2023 it was announced that F was no longer operating, and at that point Mr N realised he likely wouldn't be getting his money back.

Mr N sent the following faster payments as part of the scam from his Nationwide account to the account in his name at C:

Payment	Date	Time	Type/Payee	Amount
1	31 March 2021		Faster payment to C	£250
2	28 April 2021		Faster payment to C	£550
3	22 November 2021		Faster payment to C	£7,000
Total				£7,800

The fraud was reported to Nationwide in May 2024, and it considered the claim against the Contingent Reimbursement Model (CRM), which was a voluntary code that refunded Authorised Push Payment (APP) fraud in certain scenarios. But Nationwide said in its final response the payments weren't covered under the CRM scheme, as they'd gone to an account in Mr N's name (and the fraud had occurred after C). Mr N wasn't happy with the outcome, and so referred his complaint to our service for review.

One of our investigators considered everything and didn't think the complaint should be upheld. In his view, the payments wouldn't have appeared unusual or suspicious enough to Nationwide to warrant a fraud intervention. The investigator explained that the final and largest payment was in line with the size of other transfers made on the account, and was sent to an established payee (an account in Mr N's name). So he didn't think Nationwide would reasonably have suspected he was falling victim to a scam. The investigator also clarified that the payments weren't covered for a refund under the CRM.

Mr N didn't accept the investigator's opinion. In his reply to the view Mr N maintained that Nationwide should have questioned him about the last payment. He argued the £7,000 transfer was out of character based on his previous spending. Mr N thought an intervention from Nationwide would have resulted in a warning about the investment that he'd have heeded. As the investigator's view remained unchanged, Mr N asked for an ombudsman to review the complaint. So, the case was passed to me for a final decision on the matter.

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 the complaint. I appreciate that will come as a great disappointment to Mr N, who has sadly lost a lot of money. I have a great deal of sympathy for what he's been through, at the hands of what appears to be fraudsters. But, on balance, I can't fairly say Nationwide should be held responsible for the loss. That's because I don't consider it ought reasonably to have been on notice that Mr N was at risk of being scammed when it processed the transfers, and I've explained why below.

In broad terms, the starting position in law is that a payment services provider 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 N 'authorised' the transactions in question (he made them), albeit under the belief they were 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 Nationwide's 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 delay payments and make enquiries in order to meet its regulatory requirements. 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.

Nationwide has a difficult balance to strike in how it configures its systems to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud. 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) intervene, I would expect that intervention to be proportionate to the circumstances of the payment. Nationwide didn't speak to Mr N about these payments before processing them. So the question for me to decide is whether the disputed transactions ought to have looked concerning enough to have prompted more involved fraud checks.

Firstly, I should explain that these payments aren't covered by the CRM code. That voluntary scheme doesn't apply to payments made as a result of fraud to accounts in the consumer's own name (which is the case here). So Mr N would only be entitled to a refund if Nationwide

made a mistake when putting them through (for example, if it didn't act on clear indications he was falling victim to a scam).

Nationwide has commented that F is now widely accepted to have been a Ponzi scheme, and I can see warnings were posted by regulators in different territories (including the FCA in December 2019) saying that F was acting without authorisation. It's hard to know whether F set out to scam Mr N from the start, but a lot of aspects indicate it likely wasn't entirely legitimate. It doesn't make a difference to the outcome here either way, as I don't think Nationwide should have intervened prior to processing the transfers. So I've considered the complaint assuming F was a scam, though I don't need to make a definitive finding on that.

These payments were all sent to an account in Mr N's name at C, a regulated payment services provider. Though that account was opened to facilitate the sending of funds to a cryptocurrency exchange, I'm not satisfied Nationwide should have identified the payments were definitely cryptocurrency related. I think Nationwide's system would have likely perceived the transfers as just going to another regulated payment service provider, and I can't see that accounts with C are always linked to cryptocurrency exchanges. Even if Nationwide ought to have suspected the account at C might be cryptocurrency related, it doesn't change my view on whether Nationwide ought to have spotted Mr N was at risk.

The first two payments sent were relatively low in value, and sent a month apart. So there wasn't a concerning or known scam pattern forming, and I wouldn't have expected Nationwide to intervene or provide fraud warnings prior to allowing them. The third payment was sent many months later, by which time the account at C wasn't new. The investigator identified in his view several large transfers that had been made in the months leading up to the £7,000 payment – including one for £15,000 and several for £5,000. Those were sent to a mix of other accounts in Mr N's name and other payees. That means the account had transacted either above or around that level several times in the period preceding the third payment to C in November 2021. So I don't think it ought to have appeared concerning out of character to Nationwide. It was higher than Mr N usually sent, but not the highest sent recently, and large transfers weren't out of the ordinary for the account either by that point.

The fact it was going to an account in his name would have provided some reassurance to Nationwide – and the time that had elapsed since the prior payments sent to C would also have been reassuring, as it allowed an opportunity for any issues to come to light. Mr N had received a large payment into the account a few months before making the final disputed transaction, which meant he was carrying a high balance (more than 12 times the final transfer amount) at the time, and had for a while. So the £7,000 payment had little impact on his balance, which again would have affected the level of risk associated with it (whether or not it was cryptocurrency related). One off larger payments on an account aren't necessarily indicative of fraud, and in this case I wouldn't have reasonably expected Nationwide to have identified Mr N was at risk when he made any of the ones he's disputed.

I've thought about whether Nationwide acted fairly following the fraud being reported, and I don't think it could have done more to recover the payments. After the funds were sent to the account in Mr N's name at C they were converted to cryptocurrency and withdrawn to F. So there wouldn't be anything remaining at C for Nationwide to recover, and that account was under Mr N's control in any event.

I've also thought about whether any additional compensation is warranted, for distress or inconvenience, and I've decided it's not. Both Nationwide and Mr N were the victims of a third party's actions here, and although I have no doubt the whole ordeal has affected him greatly, I haven't found that any of that impact resulted from mistakes by Nationwide. I also haven't seen any other service failings that I consider would warrant an award.

Having considered everything, and whilst I recognise that Mr N has sadly lost this money, I don't think Nationwide could reasonably have been expected to prevent that loss. So, I'm not directing it to refund the payments he sent.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 8 July 2025.

Ryan Miles
Ombudsman