

Complaint

Mr S is unhappy that Nationwide Building Society did not reimburse him after he told it he'd fallen victim to an investment scam.

Background

In late 2023, Mr S was contacted on social media by a woman who said she was an investment broker with a company I'll call T. She told Mr S about an opportunity to invest in foreign exchange and said it would deliver generous returns. She also claimed she would underwrite the investment with her own funds, so Mr S couldn't lose money.

He looked up T online and found information suggesting it was a legitimate US-based investment firm. Following the advice of his contact, he opened an account with a third-party cryptocurrency exchange. This was to be the preferred mechanism through which he would fund his investment account. However, there were delays with the account being set up. His contact then suggested that Mr S send the money to her directly, and she would transfer it to the investment platform. She sent him a copy of her passport to prove her identity.

On 3 January 2024, Mr S went into a Nationwide branch and asked to send £10,000. He told staff the payment was for a friend. The staff were concerned, gave him a fraud leaflet, and asked him to think carefully before going ahead. Mr S returned later that day and confirmed he wanted to proceed and so Nationwide carried out his instruction and made the payment.

Mr S said the funds showed in his investment platform and initially appeared to be generating a profit. But when he tried to send a further £15,000 on 7 February 2024, Nationwide blocked the payment. That made Mr S realise he had been scammed. He reported this to Nationwide, but it didn't uphold his complaint in full. It offered to refund 50% of the money he lost to the scam.

Mr S wasn't happy with this response and so he referred his complaint to this service. An Investigator looked into the matter. She concluded that Nationwide should have done more at the time of the £10,000 payment, but that Mr S should also bear some responsibility for his loss. She found Nationwide's offer to be fair and reasonable in all the circumstances. Mr S disagreed, so the case was passed to me for a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. It's common ground that Mr S authorised the £10,000 payment and so he is presumed liable at first instance.

However, that isn't the end of the story. Good industry practice required that Nationwide be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect the customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

We now know with the benefit of hindsight that Mr S was falling victim to a scam. The question I must consider is first, whether that risk ought to have been apparent to Nationwide given the information available to it at the time and second, whether its response to that risk was proportionate. In this instance, Nationwide has accepted that it could have done more. The payment was for a significant value, out of keeping with the way the account was typically used and being made to a new payee. Branch staff did have concerns about the payment, but the reassurances Mr S appears to have given to staff (i.e. that he was paying a friend) were quite vague. I recognise that the payment was delayed, Mr S was given a fraud information leaflet and asked to go away and think about whether he wanted to proceed.

He came back later and said that he wanted to go ahead with the payment but, so far as I can see, nothing else had changed that might have affected Nationwide's assessment of the fraud risk. If more appropriate questions had been asked, I think it was more likely than not that the scam would've been uncovered and the payment prevented.

I've also considered whether it would be fair and reasonable for Mr S to bear partial responsibility for his own losses. In doing so, I've taken into account what the law says about contributory negligence while keeping in mind that I must decide this complaint based on what I consider to be fair and reasonable in all the circumstances.

I realise that Mr S did sincerely believe that he was paying into a legitimate investment. However, I'm not persuaded that belief was a reasonable one. I recognise the company he believed he was dealing with is a genuine one. However, Mr S tells us that, before investing, he checked the website of the regulator, the Financial Conduct Authority (FCA), and noted that he was dealing with a regulated firm. However, the FCA website also included a warning that fraudsters had been impersonating that firm. In addition to that, the firm's own website carried a similar warning. If Mr S did carry out some basic online research before deciding to go ahead, I find it surprising that he either didn't see or act on this information that was readily available.

I also think he ought to have been more concerned at being asked to send his funds directly to a private individual, particularly given that the account he was paying wasn't in the name of the person he'd been in contact with. Finally, the investment was promoted to him via unsolicited contact on social media in a way that wasn't typical of a legitimate firm and the returns that he was being offered were unrealistic to the point of being too good to be true, particularly given that his contact had told him she would underwrite his investment to remove any risk of financial loss to Mr S.

Unfortunately, I don't know if the fraudsters were able to say anything to allay any concerns he had because he hasn't been able to provide evidence of his communications with them. Overall, in view of the evidence that I have been able to consider, I think it's fair and reasonable that Mr S be considered partially responsible for his own losses and a 50% deduction to be made from the compensation Nationwide pays him.

For the sake of completeness, I've also considered whether Nationwide did everything I'd have expected in terms of recovering the funds from the fraudster's bank. It's expected to make prompt contact with the receiving bank after receiving a fraud report. I can see that there was a short delay in it doing so here – but I'm mindful of the fact that the scam wasn't

reported until more than a month after the payment was made. We know from experience that fraudsters tend to move funds on as quickly as possible to frustrate any attempts at recovery – and so the prospect of any funds remaining in the receiving account was always a remote one.

I don't say any of this to downplay the fact that Mr S has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. Nonetheless, for the reasons I've explained above, I'm persuaded that this is a fair way to resolve this complaint. I understand Nationwide has already refunded 50% of the money Mr S lost to the scam and I don't find that it needs to do anything further.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 July 2025.

James Kimmitt
Ombudsman