

The complaint

Miss J is complaining that Nationwide Building Society hasn't reimbursed her for payments she made to a scam.

What happened

The circumstances of the scam are well known to both parties so I won't set them out in detail here. In short, Miss J became the victim of an investment scam, after seeing it advertised on social media. She made the following payments from her Nationwide account as part of the scam:

Payment number	Date of transaction	Payment type	Payee	Amount
1	31 October 2023	Transfer	Cryptocurrency exchange	£100 (Already refunded by Nationwide)
2	2 November 2023	Debit card payment	Miss J's account with another business	£10
3	2 November 2023	Debit card payment	Miss J's account with another business	£200
4	5 November 2023	Debit card payment	Miss J's account with another business	£216

Miss J realised she'd been scammed a few days after making the final payment, and she called Nationwide to report it. Nationwide logged the dispute, and subsequently sent Miss J a message saying it would refund her in full. However, this turned out to be only in relation to payment 1, which it did refund to her.

Nationwide raised chargeback claims to dispute payments 2 and 3 which had been made to Miss J's account with another business. But the other business defended the chargeback claims, by saying it had provided the service it agreed to, which was 'topping up' Miss J's account with the funds - and the funds had been correctly deposited in Miss J's account.

Miss J complained to Nationwide and it sent a final response letter. It said that its adviser should have done more to establish the payments Miss J intended to report as part of the scam, it had closed her claim for payment 1 in error, and it hadn't responded to Miss J's claim for some of the payments.

It offered to pay her £200 in compensation for its errors, and paid this to her account shortly afterwards. But it didn't agree to refund payments 2 to 4.

Miss J brought her complaint to us. She said she thought the remaining payments should be refunded to her.

Our investigator looked into Miss J's complaint, but she didn't uphold it. She didn't think that Nationwide ought to have intervened in the payments Miss J made to the scam, because they didn't look suspicious. She also thought the compensation Nationwide had paid to Miss J for its errors when investigating what had happened was fair and reasonable.

Miss J didn't agree with the investigator's view, and her complaint has now been passed to me for review and a 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 really sorry to disappoint Miss J, but I'm not upholding her complaint – for the same reasons as the investigator. It appears Miss J's been the victim of a cruel scam, and I can understand why she'd think she should get her money back. But I've not found that there were any failings on Nationwide's part that could lead me to conclude it should refund the disputed payments. I'll explain why.

It's not in dispute that Miss J authorised the payments. And Nationwide has a duty to act on her instructions. But in some circumstances it should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Ultimately, I need to decide if the payments Miss J made were unusual enough to have expected additional checks to be carried out before they were processed. When considering this, I've kept in mind that Nationwide processes high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I have reviewed Miss J's account and the payments she made to the scam. Having considered when they were made, their value and who they were made to, I'm not persuaded Nationwide ought to have found any of the payments suspicious, such that it ought to have made enquires of Miss J before processing them. The payments didn't appear to be out of line with Miss J's usual account activity. And although I've no doubt the payments were significant amounts to Miss J, they were simply not of a value where I'd usually expect Nationwide to be concerned about the risk of financial harm due to a scam.

There are industry standards around attempting recovery of funds where a scam is reported. But the payments here were made with Miss J's debit card, and so couldn't be recalled or stopped. It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules.

In this case, Nationwide did attempt chargebacks on payments 2 and 3, which were defended by the merchant – the other business Miss J held an account with - and so were unsuccessful. It didn't attempt a chargeback on payment 4 but I'm satisfied this would have been unsuccessful too, had it been attempted. This is because the other business had provided Miss J with the service it had agreed to, by crediting the funds to her account with

it. The fact that the funds were then sent on to be lost to the scam doesn't change this. I'm satisfied Nationwide couldn't reasonably have done anything else to successfully recover Miss J's payments.

Nationwide has paid Miss J £200 for its errors in handling the investigation into the scam, which seem to have resulted in it providing misleading information about the refund to Miss J, which understandably caused her confusion. Like the investigator, I think £200 is fair and reasonable compensation here, taking into account the impact the errors had on Miss J.

Miss J has questioned whether the payment of £216 falls under the Authorised Push Payment (APP) scheme – by which I assume she means the Contingent Reimbursement Model (CRM) code, which at the time the payments were made provided customers with protections where they've been victims of an APP scam. But the CRM code doesn't apply to card payments, or to payments which have been made to another account in the customer's own name, as this payment was.

Once again, I'm sorry to disappoint Miss J. But I don't think Nationwide should have done more to prevent her loss here. So, it wouldn't be reasonable for me to ask it to refund the payments she made.

My final decision

My final decision is that I'm not upholding Miss J's complaint.

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

Helen Sutcliffe
Ombudsman