

## The complaint

Miss K complains that Nationwide Building Society won't refund the money she lost as the result of a scam. She also complains about the way it dealt with her account after she told it about the issue.

## What happened

Both parties are familiar with the detailed background to this complaint, so I'll simply summarise it here. Miss K fell victim to a task-based job scam. The scammer told her she'd need to make payments to an online payment platform to unlock tasks. In total, she made five payments to two online payment platforms, which I'll refer to as "R" and "T". The payments were made over three days in late April 2024:

22 April 2024	£58.99	R	Visa debit
22 April 2024	£77.99	R	Visa debit
22 April 2024	£325.99	R	Visa debit
23 April 2024	£919	T	Visa debit
24 April 2024	£1,650	T	Visa debit
<b>Total</b>	<b>£3,031.97</b>		

On 25 April 2024 Nationwide raised a chargeback request on Miss K's behalf regarding the first four payments. It reccredited her account with the amounts of those payments, pending a response from the merchant's bank. And on 13 May it raised a chargeback request for the £1,650 transaction, and again reccredited Miss K's account with £1,650, pending a response from the merchant's bank.

On the same day, Nationwide wrote to Miss K to say that the merchant's bank had said that the initial four payments she'd made on 22 and 23 April were valid, and it would be re-debiting her account with the amount of those payments within 21 days. It did so on 3 June 2024, taking the balance from £99.01 credit to £1,282.96 overdrawn.

Four days later, on 7 June, Nationwide wrote to Miss K to say that T's bank had also said that the £1,650 payment was valid, and it would be re-debiting her account with that amount within 22 days.

In mid-June 2024 Nationwide wrote to Miss K to say that her account was overdrawn by £1,364.71. It pointed out that there was no agreed overdraft limit on the account, and asked her for immediate repayment of the full overdraft. Nationwide's records and correspondence with Miss K show that it subsequently agreed an overdraft limit of £1,370, and I can see from the transcript of Miss K's online chat with Nationwide that she agreed to repay that amount.

On 27 June Nationwide re-debited Miss K's account with £1,650, taking the overdrawn balance from -£1,364.71 to -£3,014.71, and significantly exceeding the agreed £1,370 overdraft limit. Around a week later, Nationwide wrote to Miss K, asking her to repay the full overdraft balance immediately. And on 30 July it wrote again to Miss K, to tell her that she was about to default on her account.

Miss K believes that Nationwide acted unfairly in applying an overdraft to her account without her consent. She's commented that she wouldn't even have been eligible for the overdraft if she'd applied for it. She says Nationwide failed to explain that her account was entering an unarranged overdraft, and that she incurred unexpected and substantial fees as a result.

Miss K says the unarranged overdraft has negatively affected her credit score, and that she's now unable to take out any form of credit. She says the situation has caused her stress and depression. She's told us that she'd like Nationwide to refund the money she lost due to the scam and waive the unarranged overdraft fees and charges so that she can close her account. She'd also like Nationwide to remove the overdraft from her credit history.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, he didn't think there were sufficient grounds for Nationwide to think that Miss K was at risk of financial harm from fraud when she made the payments. And he thought that Nationwide had acted fairly, and in line with the account terms and conditions, in re-debiting Miss K's account once the chargeback requests had been rejected by the merchant's bank.

Miss K disagreed with the investigator's view, so the complaint's been passed to me.

### **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.

Although I've only summarised the evidence and arguments above, I've read and taken into account everything that both parties have provided. Having done so, based on the information received so far, I'm not planning to uphold the complaint. I'll explain why.

All five payments were made by debit card. So the principles of the Lending Standards Board's Contingent Reimbursement Model don't apply in this case. It's also common ground that the payments made to the scam were 'authorised'. Miss K knew she was sending money to accounts with R and T. So even though she didn't intend the money to end up with a fraudster, the payments were 'authorised' under the Payment Services Regulations. Nationwide had an obligation to follow the payment instructions it received, and Miss K is presumed liable for her loss in the first instance. But that's not the end of the story.

Taking into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time, I consider it would have been fair and reasonable in April 2024 to expect Nationwide to:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;

- in some circumstances, irrespective of the payment channel used, have taken additional steps, made additional checks, or provided additional warnings before processing a payment - (as in practice Nationwide sometimes does);
- have been mindful of - among other things - common scam scenarios, how fraudulent practices were evolving (including for example the common use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

But while banks have obligations to be alert to fraud and scams, and to act in their customers' best interests, they can't reasonably be involved in every transaction. There's a balance that needs to be struck between identifying payments that could potentially be fraudulent, or form part of a scam, on the one hand, and minimising disruption to legitimate payments on the other.

I think it's likely that all five payments were to accounts in Miss K's own name. But even if they weren't, R and T were genuine money transfer service platforms. The payments were spread over a few days, and although the amounts that Miss K sent represented a lot of money for her, they weren't substantial enough that I think that Nationwide ought to have been concerned or suspicious about them. So I don't think it acted unreasonably by processing the payments without contacting Miss K or taking any additional steps to alert her to the possibility that she was being scammed.

#### *Nationwide's attempts to recover Miss K's money*

Miss K made all five payments using a Visa debit card. Visa runs a scheme called chargeback, which deals with disputes between card issuers (such as Nationwide) and merchants (R and T in this case).

Chargeback isn't an automatic right, and banks don't have to raise a claim where there isn't a reasonable prospect of success. In this case Nationwide did make chargeback requests to both R and T in respect of the payments. But the requests were turned down. This was on the basis that the payments from Miss K's Nationwide account were to legitimate online payment platforms, and the money was then sent on from those.

It's usual for a payment which is the subject of a chargeback claim to be reversed while the claim is processed. It's then re-debited if the claim is unsuccessful, as happened in this case. This was referred to specifically in the terms and conditions of Miss K's account. If the chargebacks had been successful, the refunds would have remained in Miss K's account. Unfortunately, I can't see that there'd have been any other way for Nationwide to recover the money.

The re-debiting of the first four payments took Miss K's account into overdraft. I think that Nationwide acted reasonably positively and sympathetically in agreeing an overdraft limit after the re-debiting of those payments. While the account balance remained within that agreed limit, Miss K avoided any unauthorised overdraft fees that would otherwise have been payable. But once the second chargeback request was rejected and the £1,650 was re-debited to Miss K's account, the overdraft went significantly beyond the agreed limit.

At the point when Miss K made the payments to the scam, there was enough money in her account to cover them. I've explained above that I don't think Nationwide did anything wrong by processing the payments, as I don't think there was anything which should have alerted it to the possibility that Miss K was falling victim to a scam.

I can understand Miss K's disappointment that the chargeback requests were unsuccessful, but Nationwide was entitled to re-debit her account with the amounts of the payments once the chargeback requests were rejected. And day-to-day spending on Miss K's account in the interim meant that by the time the payments were re-debited to the account, there was no longer enough headroom to make the payments without taking the account into overdraft. But that wasn't because of anything Nationwide did wrong.

I have sympathy for Miss K. It isn't in dispute that she's fallen victim to a cruel scam, and it's had a significant impact on her. But I don't find that Nationwide acted unfairly or unreasonably in allowing the payments to be made in the first place, or in re-debiting them to Miss K's account once the chargeback requests failed. Miss K is responsible for the payments from her account, and the terms and conditions provide that any overdraft is repayable on demand. I can see that Nationwide has since closed Miss K's account. That means that no further interest or charges will be applied, and it will enable Miss K to make payments she can afford to reduce the debt.

I recognise that the situation is likely to have had an impact on Miss K's credit record, but I can't fairly require Nationwide to remove an accurate reflection of what happened.

I'm sorry to disappoint Miss K, but taking account of everything that both parties have said, I can't fairly uphold this complaint.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 May 2025.

Juliet Collins  
**Ombudsman**