

The complaint

Mr S complains that Nationwide Building Society won't refund money he lost when he was a victim of a crypto investment scam.

Mr S is represented by a firm I'll refer to as 'M'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr S fell victim to an investment scam in 2021 – with a firm I'll refer to as 'X'. He's explained he found the investment opportunity from an online search. As part of the scam, Mr S purchased crypto from a legitimate crypto exchange before forwarding it on to X's platform.

The relevant debit card transactions are:

Transaction Date	Amount
5 June 2021	£398.16
29 June 2021	£987.16
30 June 2021	£4,987.16
31 July 2021	£498.37
Total	£6,870.85

Mr S realised he'd been scammed when he couldn't withdraw his funds and X's website disappeared.

M complained to Nationwide, on Mr S's behalf, on 9 March 2024. They said Mr S should be refunded fully under the Contingent Reimbursement Model (CRM) Code – noting that any warnings Nationwide might have provided weren't effective, and that they ought to have considered Mr S vulnerable due to his inexperience as an investor. M said Nationwide should also pay 8% interest on the funds, along with £1,000 compensation for the trouble and upset Mr S has suffered as a result of pursuing this complaint.

Nationwide upheld the complaint in part. They accepted they missed an opportunity to intervene and potentially uncover the scam when Mr S made the £4,987.16 payment. But they also didn't think it was reasonable for Mr S to have believed the investment was genuine. So, Nationwide thought liability should be shared from the third payment onwards. Nationwide refunded £2,742.77, and they also paid £100 compensation.

The complaint was referred to the Financial Ombudsman. Nationwide confirmed they would also pay 8% simple interest on the refunded amount (calculated from the date of payment to the date of settlement).

Our Investigator thought this was fair - as he wouldn't have expected Nationwide to have intervened on the first two payments, and he thought Mr S should take some responsibility for his loss. He also didn't think Nationwide could've recovered the funds Mr S lost, as chargeback claims would've likely been unsuccessful. And he thought the £100 compensation was appropriate in the circumstances.

M disagreed. In short, they said:

- Nationwide should've applied their duty of care more rigorously. And their internal processes should've prompted a closer examination of the payments.
- Mr S was clearly vulnerable to financial harm, and he didn't receive adequate protection from Nationwide.
- Nationwide should bear a larger portion of responsibility for Mr S's loss given their failure to act to protect him. Nationwide is well positioned to detect and block fraudulent transactions using advanced systems and protocols, yet they failed to do so when they had the opportunity. This deprived Mr S of the chance to avoid this significant financial loss.
- Liability should rest primarily with Nationwide.

Our Investigator considered M's additional points, but his position didn't change. He thought Mr S could've carried out further enquiries into the investment opportunity, or sought advice from an independent financial adviser, before proceeding. And he hadn't seen anything to show Nationwide knew Mr S was vulnerable at the time of the payments.

M remained in disagreement with our Investigator. In short, they added:

- Nationwide has an obligation to consider the broader context of payments. Given Mr S's investment inexperience and receiving unsolicited communications, Nationwide should've taken extra care to scrutinise the transactions more closely. And the circumstances surrounding the third payment should've been flagged as indicative of a potential scam.
- Mr S was deceived by the scammer's tactics that were specifically designed to take advantage of his lack of experience. The responsibility to protect Mr S from falling victim to the scam shouldn't be shifted entirely to him.
- Nationwide's failure to provide critical information about the unregulated nature of the investment further demonstrates their failure in their duty of care. So, they maintain that liability should primarily rest with Nationwide.

The matter has been passed to me to decide.

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 very sorry Mr S has lost a significant amount of money. But I must consider whether

Nationwide is responsible for the full loss he's suffered. Having done so, and while I realise this isn't the outcome Mr S is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Nationwide acted unfairly by not refunding the payments in full. I'll explain why.

Before I do, I want to reassure Mr S that I've considered everything M has submitted on his behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed, it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Nationwide should refund Mr S anything more.

M has referred to Mr S's payments being refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. The CRM code however doesn't cover debit card payments, nor does it cover payments to a person's own account. I've therefore considered whether it would otherwise be fair and reasonable to hold Nationwide responsible for Mr S's loss.

In broad terms, the starting position in law is that a payment service provider is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr S knowingly made the payments from his Nationwide account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Nationwide are expected to process Mr S's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Nationwide to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mr S to Nationwide (either individually or collectively) were unusual enough to have expected additional checks being carried out before the payments were processed.

The first two payments were relatively low value and of a similar value to prior transactions Mr S had made on his account. So, I don't think they would've been seen by Nationwide as unusual or out of character for Mr S. I therefore wouldn't reasonably have expected Nationwide to have carried out additional checks before processing these payments.

Nationwide has however accepted they could've done more to protect Mr S from the scam. As such, while M has provided substantive arguments on this issue, I don't consider it necessary to discuss this further. Instead, my decision will focus mostly on whether I consider Mr S contributed to his own loss and should therefore bear some responsibility for it by way of contributory negligence (which might justify a reduction in compensation). I'll explain why I think he should.

Beyond Nationwide's requirement to protect customers from the possibility of financial harm from fraud, there's also an expectation that customers protect themselves too. I've therefore thought about whether Mr S did enough to protect himself from this scam – and, if he didn't, whether this contributed to his loss. I appreciate Mr S unknowingly fell victim to what, in many ways, appears to be sophisticated scam. But I think, given Mr S came across X via an internet search for investment opportunities, it's reasonable to have expected him to have carried out some checks on X beyond relying on their own website. And at the time of the scam, from my own historical internet search, there appears to have been various websites indicating X to be a scam firm.

I also consider Mr S should've had reason to suspect the investment opportunity wasn't genuine given he was told by X that he couldn't lose. Any investment providing guarantees of no risk ought to have been seen as 'too good to be true'. Further to this, Mr S communicated with X predominantly through an instant messenger application – which should've been seen as unusual for a professional investment firm. And, from the information Mr S has provided the Financial Ombudsman, it seems he didn't receive any investment contract or documentation. So, while Mr S may not have been an experienced investor, I think, collectively, there was enough reason for Mr S to consider X might not be genuine – thereby prompting him to take a more cautious approach before investing. This could have involved carrying further research online into X and these investment opportunities; or seeking independent financial advice.

If Mr S had done this, then I think he would've likely become aware that X wasn't legitimate and were trying to scam him – given the online information indicating it was a scam, but also as there were enough similarities with Mr S's situation and the common features of crypto investment scams. Because of this, I think Mr S could've avoided falling victim to the scam had he taken some reasonable steps before proceeding with the investment opportunity. I therefore consider Mr S should take some responsibility for this loss.

At which point, I understand M consider liability should rest mostly with Nationwide – arguing that responsibility shouldn't be shifted entirely to Mr S. I appreciate Mr S is an innocent victim of a scam here and I'm not trying to place blame with him. But I must consider what is fair in the overall circumstances of what happened. And while Nationwide accept they could've done more to protect Mr S from the scam, I cannot fairly ignore that Mr S could've done more to protect himself too. Considering this, I therefore think it would be fair to hold Mr S equally responsible for the loss he suffered from the third payment onwards. It follows that I think Nationwide can make a 50% reduction in the award based on contributory negligence in the circumstances of this complaint.

I understand Nationwide has already refunded this (£2,742.77). They've since confirmed they will pay 8% simple interest on the refunded amount (calculated from the date of payment to date of settlement). This is in line with what I would expect to recognise Mr S's loss of use of money. I therefore don't think Nationwide needs to do anything further in this respect.

I've also considered whether, on being alerted to the scam, Nationwide could reasonably have done anything to recover Mr S's loss, but I don't think they could. The only possible option for recovery for the payments to the crypto exchange would've been to have attempted a chargeback. But this likely wouldn't have had any reasonable prospect of success given the service was provided – that being the purchase of crypto (which Mr S then forwarded on to X's trading platform).

On a final note, I've also considered whether any further compensation should be paid. And while I appreciate Mr S would've been significantly impacted by falling victim to the scam, I don't think it is fair to attribute this impact to Nationwide, as the primary cause was X. So, I think £100 is a reasonable amount to recognise Nationwide's role in what happened. Because of this, I'm not increasing it further.

In conclusion, while I have a great deal of sympathy for Mr S, I cannot reasonably direct Nationwide to refund him anything more (beyond the 8% simple interest). For the above reasons, I think Nationwide have acted fairly.

My final decision

My final decision is that I do not uphold this complaint.

I consider Nationwide has acted fairly in their decision to refund £2,742.77, pay 8% simple interest and £100 compensation. If Nationwide hasn't yet paid this then they should arrange to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 September 2025.

Daniel O'Dell
Ombudsman