

The complaint

Mr W and Mrs W complain that Nationwide Building Society ('Nationwide') won't refund the money they say was lost as the result of a scam.

What happened

In 2018, Mr W and Mrs W were introduced to an investment by a longstanding friend who worked in the financial sector. The investment was a loan note with a company (who I'll refer to as D) that would purchase properties, renovate them, then sell or rent them out.

Mr W and Mrs W made the following payments from their Nationwide account. The payments were made to T, as part of the investment with D.

Date	Pmt	Details of transaction	Amount
30.3.2018	1	Payment to T – a company	£10,000
30.3.2018	2	Payment to T – a company	£10,000
30.3.2018	3	Payment to T – a company	£10,000
9.8.2018	4	Payment to T – a company	£10,000
9.8.2018	5	Payment to T – a company	£10,000
9.8.2018	6	Payment to T – a company	£10,000
9.8.2018	7	Payment to T – a company	£10,000

Mr W and Mrs W were able to withdraw £5,000 from their investment. But D went into liquidation, and Mr W and Mrs W haven't been able to withdraw the balance of their investment.

Through a professional representative, Mr W and Mrs W raised a fraud claim with Nationwide in March 2024. Nationwide declined to refund Mr W and Mrs W saying D was a genuine company which failed, and they're not liable.

Mr W and Mrs W weren't happy with Nationwide's response, so they brought a complaint to our service.

An investigator looked into their complaint but didn't recommend that Nationwide refund them. The investigator felt Nationwide should've been concerned when Mr W and Mrs W made the first payment and intervened by calling them to discuss the payment. However, the investigator wasn't satisfied the discussion would've prevented Mr W and Mrs W's loss, as there was no information available at the time to suggest this wasn't a genuine investment.

Mr W and Mrs W disagreed with the investigator's view and asked for an ombudsman to review their case. They feel that Nationwide should be liable as they failed to intervene appropriately. Also, they believe a discussion with Nationwide would've affected their decision to invest.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at "face value" – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Mr W and Mrs W referenced the Contingent Reimbursement Model Code (CRM Code) in their submission. The CRM Code wasn't introduced until May 2019 and can't be applied retrospectively, so it doesn't apply to their payments.

Would intervention by Nationwide have made a difference?

Taking into account Mr W and Mrs W's previous account activity I think Nationwide should've identified a potential risk of financial harm when the first payment was made. I say this as previous payments hadn't exceeded £4,500, other than a £10,000 transfer to another account held by Mr W and Mrs W. So, the three payments of £10,000 were unusual and out of character.

In response to identifying the risk, I would've expected Nationwide to call Mr W and Mrs W to ask questions about the payments. But I'm not satisfied that it's more likely than not this intervention would've prevented Mr W and Mrs W's loss, as I don't think any of the information Mr W and Mrs W gave Nationwide would've concerned them.

Mr W and Mrs W were introduced to the investment by a longstanding friend who worked in the financial sector – who they trusted. So, it wasn't an investment they found online, or they were cold called about, which is common in situations of fraud.

Also, there wasn't any concerning information available at the time they made the payments. D was a company that had been operating for a number of years prior to Mr W and Mrs W making their payments. And it appears that early investors with D, had been receiving returns and their capital back.

So, I think it's more likely than not the information that Mr W and Mrs W would've given Nationwide in response to any questions asked, would've suggested that this was a legitimate investment. I wouldn't expect Nationwide to review or investigate the investment in order to advise Mr W and Mrs W whether it was suitable for them. I would only expect Nationwide to ask sufficient open and probing questions to satisfy themselves that Mr W and Mrs W weren't potentially at risk of fraud.

Mr W and Mrs W feel that Nationwide's failure to intervene means they should be fully refunded. However, I have to consider if Nationwide had intervened, what would most likely have happened as a result. I appreciate that Mr W and Mrs W think that a discussion with Nationwide would've prevented their payments, but, for the reasons given above, I'm not persuaded that this would have been the most likely result.

Based on the evidence available, I'm not satisfied that Nationwide acted unreasonably in following Mr W and Mrs W's payment instructions or that they can fairly be held liable for their loss.

Recovery of funds

As the company that Mr W and Mrs W have invested in has gone into liquidation, Nationwide wouldn't be able to recover their funds. Especially as Mr W and Mrs W raised their complaint nearly four years after the payments were made.

Compensation

Mr W and Mrs W have asked for £1,000 compensation for Nationwide's failings but haven't explained how they failed. Based on what I've seen, I'm not satisfied that Nationwide provided poor service so I can't fairly make a compensation award.

I'm really sorry that Mr W and Mrs W have suffered a serious financial loss and the impact this has had on them. But I'm not satisfied that I can fairly hold Nationwide liable for that loss or ask Nationwide to refund them.

My final decision

My final decision is that I don't uphold this complaint against Nationwide Building Society

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 30 July 2025.

Lisa Lowe
Ombudsman