

The complaint

Mr and Mrs R complains that Nationwide Building Society didn't do enough to protect them from the financial harm caused by an investment scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr and Mrs R held a joint account with Nationwide. Mr R saw an advert on social media for an opportunity to invest with a company I'll refer to as "C". He was later contacted on WhatsApp by someone I'll refer to as "the scammer" who said he could make good returns by investing in cryptocurrency.

Mr R thought the scammer seemed knowledgeable and professional and before going ahead, he googled C and was satisfied that the website seemed genuine. He also checked for reviews on Trust Pilot.

The broker asked Mr R to first purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. He transferred funds from his savings account and between 5 August 2024 and 6 September 2023, he made 21 debit card payments and 5 faster payments to three beneficiaries totalling £24,310.16.

Mr R was given access to an investment portal where he could see his deposits and real time returns. He could see he was making a profit, but the scammer told him to reinvest the funds. He realised he'd been scammed when he was told the account was frozen and he'd have to make a deposit of 25% of his funds to make a withdrawal.

Mr and Mrs R complained to Nationwide in October 2024 with the assistance of a representative who argued that Nationwide's interventions weren't proportionate and that it should have intervened on 26 August 2024 when Mr R transferred £2,265.78 to a cryptocurrency exchange. They said it should have asked probing questions and had it done so it would have uncovered the scam because there were several red flags present.

The representative explained Mr R had very little investment experience and was therefore unfamiliar with how investments worked. He didn't think the returns were unrealistic and he didn't realise the investment had the hallmarks of a scam.

Nationwide said it should have intervened on 15 August 2024 when Mr R paid £102.98 because he was making multiple payments in quick succession to a cryptocurrency merchant. It offered to refund the money he'd lost from that payment onwards, with a reduction of 50% for contributory negligence as there was no real basis to believe the investment was genuine. It also offered to pay £150 compensation for having failed to recognise the account activity as unusual.

Mr and Mrs R weren't satisfied and so they complained to this service arguing that the settlement shouldn't be reduced for contributory negligence. Our investigator said the

settlement should include 8% interest as this was considered part of the loss, but she didn't think the decision to reduce the settlement for contributory negligence was unfair.

She noted that both parties accepted that Nationwide should have intervened on 15 August 2024 and, had it done so, Mr R's losses would have been prevented. She explained that even though she accepted Mr R didn't have any investment experience, the scammer said the investment was 'zero risk' and that he would receive returns of 10%-20%, which was too good to be true. She commented that the cryptocurrency merchant would have shown him warnings stating: "Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment, and you should not expect to be protected if something goes wrong", so he ought to have questioned why he was being told the investment was risk-free.

She explained that if he'd done some due diligence before he made the first payment, he'd have seen a warning about C, which would likely have exposed the scam. Because she was satisfied this represented a missed opportunity to have prevented his own loss, she felt Nationwide's decision to hold Mr and Mrs R responsible for 50% losses was fair.

Nationwide agreed to add interest to the settlement, but Mr and Mrs R have asked for the complaint to be reviewed by an Ombudsman. Their representative has reiterated that Mr R had little investment experience and wasn't tech-savvy and had done due diligence to the best of his ability. He thought C's website and investment platform looked legitimate and professional and had also asked the scammer for photo ID, which he cross referenced with information he found on social media.

Mr R was also able to withdraw a small amount at the start of the scam, which gave him confidence that the investment was genuine. And the returns sounded plausible in the context of media narratives surrounding cryptocurrency.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons.

Nationwide has agreed to refund the money Mr R lost from the first payment he made on 15 August 2024 (plus interest). But Mr and Mrs R don't agree the settlement should be reduced by 50% for contributory negligence and so I've considered whether that element of the settlement is fair.

There's a general principle that consumers must take responsibility for their decisions and conduct suitable due diligence. Mr R hadn't invested in cryptocurrency before and so this was an area with which he was unfamiliar. In recent years instances of individuals making large amounts of money by trading in cryptocurrency have been highly publicised to the extent that I don't think it was unreasonable for him to have believed what he was told by the broker in terms of the returns he was told were possible, notwithstanding the fact it was highly implausible. In addition, he wouldn't have known that finding the investment on social media and being assisted by a broker are red flags for fraud. And his inexperience was compounded by the sophisticated nature of the scam, and the fact he trusted the broker and believed the trading platform was genuine and was reflecting the fact his investments were doing well.

However, I agree with our investigator that a completely risk-free investment is implausible, and inexperience isn't an excuse for Mr R having failed to take reasonable care that he

wasn't dealing with scammers, especially in circumstances where he was communicating with the scammer on WhatsApp, and he didn't have any documents to verify the investment was genuine.

Mr R has stated that he checked C's website and thought it looked genuine and professional. He also checked the reviews on Trust Pilot and took steps to check the scammer's identity. But there were no reviews on Trust Pilot. And a simple search of C before making the first payment would have shown it was a scam, suggesting Mr R didn't do reasonable due diligence.

I've carefully considered the circumstances and while I accept that Mr R's inexperience meant the due diligence he could have done was limited, I'm satisfied he could have uncovered the investment as a scam by doing some simple checks. So, I think Nationwide's decision to reduce the settlement by 50% for contributory negligence is fair.

My final decision

I uphold this complaint in part and direct Nationwide Building Society to pay 8% simple interest*, per year, from the respective dates of loss to the date of settlement, unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 26 June 2025.

Carolyn Bonnell
Ombudsman