

The complaint

Mr S complains about Nationwide Building Society (Nationwide) refusing to refund him the amount he lost as the result of a romance scam. Mr S is represented in this complaint, but I'll refer to him as it's his complaint.

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 S met X (the scammer) on a social network site and several weeks later, in May 2024, they engaged in a romance over a messaging app.

During their dialogue, they discussed their future together and X brought up her expertise in cryptocurrency investments. X said she could help Mr S trade and make up to 50% profit.

X persuaded Mr S to download a screen sharing app so she could help him. Also, an app and accounts with a legitimate cryptocurrency exchange company and investment company.

Mr S was then persuaded to transfer funds to Firm A, where he already had another payment account, then use Firm A to make payments to individual cards to purchase USDT to be sent to his crypto wallet before going to the investment platform.

In May 2024, Mr S transferred the following funds, by faster payment, to his account with Firm A and these totalled £18,404:

No.	Date	Payee	Amount
1	11 May 2024	Mr S account with Firm A	£ 70
2	13 May 2024	Mr S account with Firm A	£ 400
3	13 May 2024	Mr S account with Firm A	£ 25
4	13 May 2024	Mr S account with Firm A	£150
5	14 May 2024	Mr S account with Firm A	£2,000
6	14 May 2024	Mr S account with Firm A	£500
7	14 May 2024	Mr S account with Firm A	£100
8	17 May 2024	Mr S account with Firm A	£1,500
9	18 May 2024	Mr S account with Firm A	£ 600
10	18 May 2024	Mr S account with Firm A	£1,600
11	21 May 2024	Mr S account with Firm A	£2,100
Sub-total			£9,045

12	22 May 2024	Mr S account with Firm A	£2,500
13	22 May 2024	Mr S account with Firm A	£100
14	25 May 2024	Mr S account with Firm A	£2,700
15	25 May 2024	Mr S account with Firm A	£250
16	25 May 2024	Mr S account with Firm A	£1,200
17	25 May 2024	Mr S account with Firm A	£40
18	25 May 2024	Mr S account with Firm A	£2,379
19	27 May 2024	Mr S account with Firm A	£140
20	27 May 2024	Mr S account with Firm A	£50
Total			£18,404

Mr S was under X's spell, and he thought the investment company website appeared professional. He says he searched the investment company but couldn't see anything negative to make him doubt the legitimacy of it.

Mr S was encouraged to raise money. He could see his payments to the investment company make significant gains and he was reassured through the receipt of ten credits totalling £1,850, between 18 and 27 May 2024.

Mr S realised he had been scammed when he was required to pay money to the investment company, and he could no longer access the platform.

Mr S complained to Nationwide requesting a refund for his loss. This is because the scam had hallmarks of a cryptocurrency investment scam and he thinks they should've intervened in his transactions to Firm A, and if they'd asked standard probing questions these would've exposed the scam.

Nationwide disagreed. They couldn't see they had done anything wrong as Mr S regularly made transfers of varying amounts to Firm A and they considered the main factor in the loss to be his negligence.

Mr S brought his complaint to our service pointing out that Nationwide:

- *'Should have intervened when the transaction below occurred as it was out of character: 22/5/24 - £2,500.00 - Client's Firm A. When this transaction happened, the bank failed to ask open probing questions with a view to exposing the scam'.*

However, our investigator didn't uphold Mr S's complaint. She didn't think any of the payments Nationwide made to Firm A were *'particularly suspicious that ought to have concerned Nationwide'* and couldn't see a *'reason why Nationwide ought to have intervened before processing Mr S payment instructions.'*

As Mr S remained dissatisfied he asked for an Ombudsman to make a final decision on his complaint.

Mr S also brought a complaint about Firm A to our service, as he believed they were negligent in not intervening in the subsequent transactions.

The complaint against Firm A was concluded prior to this complaint being escalated to me and our investigator issued a view which:

- Said Firm A should:

- Have intervened in transactions, from 16 May 2024, in transactions going to individual cards to purchase USDT which were sent to the cryptocurrency exchange.
- Pay Mr S 50% of £14,449.28 (including the transfer fees) for transactions made on and after 16 May 2024. Also pay simple interest at 8% per year.
- Mr S and Firm A both accepted
- The reason for the payment being 50% of £14,449.28 was an agreement that the liability should be shared equally between both parties. The following is an extract of the investigator's shared liability reasoning:
 - *'Mr S should have been more skeptical of the returns he appeared to be achieving. He was offered 20% - 50% profit on each investment and was able to almost double his investment in 6 days - I think that Mr S could fairly put the return of £2,768.39 on his £5,245.61 investment by 17 May 2024 down to good fortune. I therefore think Mr S should have been more cautious after he continued to receive such high returns. I think that Mr S should have realised that the scheme might not be genuine when it promised him such significant returns, seemingly over a short period of time. Overall, Mr S's emotional involvement with the scammer, with whom he developed a romantic relationship impaired his objectivity. By relying on financial advice from an individual whom he met on social media and trusted without verifying.'*

I issued a provisional decision on 20 May 2025 and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is the same as our investigator's; however, I'd like to give both parties an opportunity to respond as my reasoning differs.

The deadline for both parties to provide any further comments or evidence for me to consider is 3 June 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Mr S, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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, my provisional decision is to not uphold this complaint, and I'll explain why.

I should first say that:

- *I'm very sorry to hear that Mr S has been the victim of such a cruel scam and lost a significant amount of money here*
- *I looked closely at all the payments Mr S made from his account with Nationwide. Although, I noted the following:*
 - *When Mr S brought this complaint to our service he was seeking a refund of payments made from 22 May 2024 (payment 12), as this was the point he considered Nationwide should've intervened*

- The refund he is therefore seeking from Nationwide is £9,359 {£18,404 (total of 20 payments) less £9,045 (total of payments up to payment 11)}
- Mr S has accepted a refund from Firm A for £7,224.64 (50% of £14,449.28) which covers some of his total loss
- I also looked closely at Mr S's complaint to our service about Firm A and his interactions with them
- Although Nationwide is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I'm satisfied this code doesn't apply here. This is because:
 - The CRM Code sets out the following:
 - Under 'DS1(2) (a)' the scope of what the CRM Code covers in relation to authorised push payment ("APP") fraud in instances where: "(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent."
 - The payments Mr S made from his Nationwide account went to two accounts in his own name. So, it isn't covered by or within the scope of the CRM Code. This is because Mr S wasn't paying 'another person'.

The question here is whether Nationwide should have identified a risk of financial harm through fraud or identified the risk of a scam and intervened when Mr S made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (2017) and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

It isn't in dispute here that Mr S authorised Nationwide to make the twenty payments totalling £18,404 from his account with them. Although he didn't intend the money to go to a scammer, the starting position in law is that Nationwide was obliged to follow his payment instruction and Mr S isn't automatically entitled to a refund.

Firms though have a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

However, they do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

I considered whether Nationwide should at that time fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and

scams.

- *Have systems in place to look 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 banks are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

Also, the FCA's Consumer Duty was in force at the time these payments were made. This requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams.

Payments 1 to 10

I looked closely at these first ten payments, even though I appreciate Mr S hasn't stated an intervention should've occurred on any of these.

All the payments made in relation to the scam were to an account in Mr S's name, set up by him a year earlier (August 2023), with a legitimate business. And Firm A is authorised as an EMI by the Financial Conduct Authority (FCA).

Prior to these payments, Mr S transferred some funds to Firm A below £1,000.

The payments were going from one of Mr S's accounts to another, which meant Nationwide wouldn't have had any information on the purpose and only known they were going to an EMI.

Although the pattern was different, with several payments on consecutive days, the three largest payments (5, 8 and 10 for £2,000, £1,500 and £1,600 respectively) weren't particularly high and, importantly, Mr S's balance was in line with previous levels.

So, considering the above, I don't think it would be reasonable for me to suggest Nationwide should've had concerns over these payments and it should've triggered an intervention.

Payments 11 to 20

Payments 11 (£2,100) and 12 (£2,500) were two consecutive payments and there was now a clear pattern of transfers in a two week period. The cumulative total was a high amount for Mr S to transfer and this meant his balance was now at a much lower level than it had previously been.

So, I would've expected to have seen an intervention from Nationwide at payment 12.

I can't see that Nationwide considered questioning this payment or have provided sufficient evidence to persuade me they shouldn't have intervened or that the payment wasn't unusual, and it wasn't proportionate for them to intervene.

If a firm doesn't question payments that might be a risk then it can't fulfil its duty to protect customers. I'm not saying that means it must check every payment out of its customers' accounts. But here, considering my above analysis, I believe it ought to have put an intervention in place to check Mr S wasn't at risk of falling victim to fraud.

I then considered whether an intervention, either automated or human, would've prevented Mr S transferring his money to Firm A and then onto the scammer.

I'm not persuaded that it would've. I say this following my review of Mr S's interaction with both X and Firm A.

Although Mr S hadn't known X for long, it's clear he considered they were in a serious romance and trusted X implicitly. X influenced Mr S to share his computer, financial information and follow her instructions. X said she would teach him to lower amounts to avoid bank checks. And when Mr S told her Firm A were suspicious of the transactions he was making and were 'asking if someone is forcing me to make this transaction' X coached him to lower the payment amounts.

Firm A had a better picture of what was happening than Nationwide. They could see where Mr S's funds were going and therefore had concerns. Due to the influence and control X had over Mr S, when Firm A asked Mr S questions, Mr S gave them inaccurate information. For example, he said he wasn't being assisted, had experience in cryptocurrency, hadn't installed any screen sharing. And he dismissed their warnings.

I also noticed that Mr S continued to message the scammer after the scam was reported, suggesting he wouldn't have been persuaded to disbelieve them.

Based on my above analysis of Mr S's interactions, I think it more likely than not that even if Nationwide gave Mr S warnings or probed his activity Mr S wouldn't have taken notice or would've been influenced and / or coached to either give Nationwide explanations for his transfers that didn't attract suspicion or make smaller transfer amounts.

Bearing in mind these were 'me to me' transfers, unlike Firm A, Nationwide wouldn't have been able to see the payments were being made toward cryptocurrency which is an inherently riskier payment and commonly used in a variety of scams.

So, having considered the above, although I think Nationwide should've put an intervention in place, I don't think it would have made a difference here. I think Mr S would've found a way to continue making payments to Firm A and then the scammer.

Finally, I considered if Nationwide should've done more to help recover Mr S's funds and I'm satisfied they did all they could. I say this because Nationwide contacted Firm A as soon as they were notified of the scam. But because this was an elaborate scam, where the funds went from Firm A by card and to a cryptocurrency exchange, it unfortunately hasn't been possible to recover any funds here. And, what's more, we know Mr S had already sent the funds on from his own account with Firm A in any case.

In conclusion, I recognise Mr S has been the victim of a cruel scam and I'm very sorry he's lost a large sum of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I won't be asking Nationwide to make any refund.

My provisional decision

My provisional decision is not to uphold this complaint against Nationwide Building Society.

This is subject to any comments that either Nationwide Building Society or Mr S may wish to make.

These must be received by 3 June 2025.

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.

Further to my above provisional decision:

Mr S's representative replied on 24 May 2025 and said:

- *'Thanks for sending this along to us, we've passed this along to our client'. We 'won't be taking this further, but it is possible our client may reach out to you directly'.*

However, Mr S hasn't provided any further comment or information for me to consider.

Nationwide responded on 22 May 2025. They accepted the decision and said they didn't have any further information or comment to add.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

My final decision is that I'm not upholding this complaint against Nationwide Building Society

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 July 2025.

Paul Douglas
Ombudsman