

The complaint

Mr and Mrs G have complained about Nationwide Building Society not refunding several payments made and lost to an authorised push payment (APP) scam.

Mr and Mrs G are represented by a professional representative by for ease I will refer to just the complainants throughout.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr G fell victim to a fake job scam after coming across what he believed to be a working from home opportunity. Mr G was led to believe payment for this job had to be made into a specific bank account and so opened up an account with what transpired to be a fake bank. He said the website looked to be official, even requiring documents to be submitted as part of the Know Your Customer (KYC) process. It was when Mr G was attempting to transfer his earnings from this account to his account with Nationwide that he discovered fees first had to be paid – which he completed via his cryptocurrency account. Mr G realised he had been scammed when the other bank kept asking for payments and the website subsequently disappeared. In total, Mr G says he sent almost £5,000 to the scammers in the space of circa 1 month.

Mr and Mrs G raised their scam concerns with Nationwide, requesting a refund. However, Nationwide disagreed it had to compensate Mr and Mrs G. So, the complaint was referred to us to consider.

Our Investigator reviewed Mr and Mrs G's concerns and partially upheld the complaint. She found that Nationwide ought to have been concerned when Mr G made his second payment on 22 June 2024 for £2,000. Our Investigator stated that although Mr and Mrs G's account showed a history of transfers to cryptocurrency exchanges, that these payments were of a value and frequency which ought to have looked suspicious compared with their previous usage – whilst keeping in mind these payments were post-Consumer Duty. However, she also thought it was fair that Mr and Mrs G were held jointly liable for the loss and deducted 50% for contributory negligence. Our Investigator then awarded 8% simple interest from the date of payment until the date of settlement.

Mr and Mrs G accepted our Investigator's view, however Nationwide did not and requested a final decision. Nationwide remains of the stance that with this being an established payee for a number of years the scam payments did not flag as unusual, there were payments being received back into the account showing a two-way relationship and credits to cryptocurrency were the most usual transactions on the account (489 transactions to and from the cryptocurrency exchange since April 2020).

As the complaint could not be resolved informally it has been passed to me to issue a final decision.

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 aware that I've summarised this complaint briefly, and the objections received to the view, in less detail than has been provided, and in my own words. No courtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr and Mrs G have been the victim of a scam here; they have lost a large sum of money and have my sympathy for this. However, just because a scam has occurred, it does not mean they are automatically entitled to recompense by Nationwide. It would only be fair for me to tell Nationwide to reimburse them for their loss (or a proportion of it) if: I thought Nationwide reasonably ought to have prevented all (or some of) the payments Mr G made, or Nationwide hindered the recovery of the payments – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I have kept in mind that Mr G made the payments himself and the starting position is that Nationwide should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr G did not intend for his money to ultimately go to fraudsters, but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the 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 - Nationwide should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 payment service providers 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

As the key aspect of the dispute, which led to this decision, was whether an intervention should have occurred I will focus on this. This is a finely balanced case. However, I am persuaded in this instance Nationwide ought to have been concerned that Mr and Mrs G might have been at risk of financial harm. Therefore, in line with our Investigator's view, I am partially upholding the complaint.

The initial payments Mr and Mrs G were made not of a value of frequency I think Nationwide ought to have been concerned, especially considering their previous usage of the account for similar payments to an established beneficiary. However, on 22 June 2024 two payments were made totalling £3,200. These payments were higher than what Mr and Mrs G had recently sent and so when the second larger payment was being attempted, I do think Nationwide ought to have intervened.

I have carefully considered Nationwide's points in response to our Investigator's view. However, although I have kept in mind Mr and Mrs G's prior cryptocurrency exchange payments, Nationwide should remain alert to anything unusual and intervene as necessary. The risk of scams involving cryptocurrency is something Nationwide would have been aware – even to those that have used cryptocurrency exchanges before. Therefore, as these payments were of a larger value, with both taking place on the same day, which did not tend to be the usual standard for Mr and Mrs G's cryptocurrency transactions, Nationwide ought to have intervened prior to allowing the second payment to have been permitted. As I've seen no evidence that Mr G was being coached, or that he would have misled Nationwide, I'm persuaded at this point he would not have proceeded with the payment of £2,000, or any subsequent ones.

In relation to the contributory negligence of Mr G, I agree with our Investigator that he should be held jointly liable for the losses incurred. I say this because: Mr G was given no contract of employment, he came across the opportunity via social media, there was little/no interview process, he completed no real due diligence and although suspicious when being asked for later payments he made them regardless. I think these were sufficient red flags that Mr G could have taken note prior to making all the payments he did. Therefore, a reasonable deduction is 50% for his contributory negligence.

Recovery

Mr G didn't make the card payments to the scammer directly, he paid a cryptocurrency exchange account in his own name. Ultimately, the service was provided by this exchange and had he not forwarded the funds to the scammer they would still be within his control. I do not think there was any additional action Nationwide could have taken to successfully recover the lost funds.

The Contingent Reimbursement Model Code

Although Nationwide has signed up to the Contingent Reimbursement Model Code, the payments Mr G made from his joint account aren't covered by the Code because he made the payments from his Nationwide account to his other account and not to another person. I cannot fairly and reasonably say that Nationwide should have to refund payments under the Code when it doesn't apply here.

Putting things right

For the reasons explained, I partially uphold this complaint and now ask Nationwide to:

- refund Mr and Mrs G 50% of their losses to the scam from, and including, Mr G's payment of £2,000 on 22 June 2024.
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Nationwide deducts tax from this interest, it should provide Mr and Mrs G with the appropriate tax deduction certificate).

My final decision

My final decision is I partially uphold this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 28 January 2026.

Lawrence Keath
Ombudsman