

The complaint

Mr W and Mrs W are unhappy that Nationwide Building Society (Nationwide) won't refund money they believe was lost to a scam.

A professional representative, M, has brought the complaint to the Financial Ombudsman Service on their behalf.

What happened

In 2019, Mr W was introduced by a friend to an investment opportunity offered by a company (referred to here as J). He understood that J was run by an experienced foreign exchange (FX) trader that could offer strong returns for clients who invested. On this basis, Mr W decided to invest £20,000.

In April 2019, two bank transfers of £10,000 were sent to J from Mr W and Mrs W's Nationwide current account. After receiving two credits of £1,782 from J in July and November 2019, no further returns materialised as expected. J then went into liquidation in 2021 and dissolved in 2023.

In March 2024, Mr W and Mrs W instructed M to complain to Nationwide about the payments to J. M said that the couple had fallen victim to a scam and Nationwide were liable to reimburse their losses under the Contingent Reimbursement Model (CRM) code. M also sought an additional 8% interest award and £1,000 compensation.

After Nationwide failed to respond, M referred the complaint to the Financial Ombudsman Service in August 2024. Nationwide subsequently rejected the complaint, denying any liability and disputing that a scam had occurred.

One of our investigators looked into the complaint and didn't uphold it. They said there was insufficient evidence that J had carried out a scam and there was no reason for Nationwide to review the payments before processing them. The investigator also felt that even if Nationwide had intervened, it was unlikely to have changed the outcome.

M disagreed with the investigator's findings and requested a final decision, presenting further arguments that a scam had occurred. M also said Nationwide missed opportunities to prevent the loss as the payments were unusual. In their view, tailored warnings should have been provided to help Mr W understand the risks and make an informed decision about the investment.

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 agree with our investigator that Nationwide are not responsible for any losses from these payments.

There was much focus on whether a scam had taken place. While understandable, this isn't the determining factor in my assessment of this complaint. I will lay out the key considerations below.

The Payment Services Regulations 2017

First, it's important to take account of the relevant law at the time the payments were made when considering liability for the disputed transactions. In this case, The Payment Services Regulations 2017 (PSRs). A payment service provider like Nationwide is expected to process payments that a customer authorises it to make, in accordance with the PSRs and the relevant account terms.

There's no dispute that the payments to J were authorised transactions. Under the PSRs, the starting position is that the payer is liable for an authorised transaction rather than the payment service provider.

I note M's reference to the CRM code, both before and after the investigator's assessment. The code can offer a potential means of obtaining a refund from an Authorised Push Payment (APP) scam. But it was not in force at the time these payments were made. Therefore, I cannot consider any arguments put forward by M that rely on elements of the CRM code and it is not relevant to this complaint.

Were the disputed transactions unusual, out of character or otherwise suspicious?

While the starting point is that Mr W and Mrs W are liable for the payments to J, there are various and longstanding expectations of payment service providers like Nationwide to be alert to fraud and scams and to act in their customer's best interest. I have therefore considered whether Nationwide should have carried out further checks before processing these payments. M argued they were unusual, noting that the couple hadn't previously made payments to J from the account and the transfers related to high-risk investments.

However, I don't think these payments required further review or should have been flagged by Nationwide's systems. The account statements show several similar sized transactions in the prior twelve months to external payees. On occasions, there were multiple payments of a comparable size on the same day. Given this pattern, I cannot conclude that the payments to J were sufficiently unusual to say that Nationwide should have taken further action prior to processing them.

I have not identified any other concerning characteristics that Nationwide could reasonably have been expected to know at the time of the payments to conclude it made an error in processing them. Although there were no previous payments to J, this alone does not mean that Nationwide should have been expected to carry out additional checks before following Mr W's instructions.

Therefore, I cannot fairly say that Nationwide did something wrong when processing the transactions to J.

Other considerations

The complaint was raised to Nationwide several years after the payments were made. By that time, J had already dissolved and there was no realistic prospect of Nationwide recovering the funds from the account to which they were sent.

I also agree with the investigator's conclusion that there is insufficient evidence to show J carried out a scam against Mr W and Mrs W. This means that even if I considered

Nationwide ought to have intervened on either payment, I do not believe it would have changed the outcome where the transactions were made. Nationwide's role was not to provide investment advice, and I see nothing that would likely have caused Mr and Mrs W to reconsider their decision at the time.

Even if I had reached a different conclusion on whether this was a scam, it would not materially change the outcome of this complaint. This is because, as explained under the previous heading, I do not consider that Nationwide was required to intervene in the payments to J.

My final decision

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

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 2 January 2026.

James Abbott
Ombudsman