

The complaint

Mrs B complains that Nationwide Building Society didn't do enough to prevent her from falling victim to a scam. She also doesn't think they should've agreed a loan in her name.

Mrs B has used a representative to help her with her complaint. But, for ease of reading, I'll mostly just refer to Mrs B herself where I also mean her representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In late 2023, Mrs B was sadly the victim of a scam.

Mrs B had responded to someone promoting an 'investment' opportunity on social media. As a result of this, several loans were taken out in Mrs B's name and the funds were paid away and ultimately lost to the scam. At the time, Mrs B believed she needed to make the payments she did to release payments back to her. She was also tricked into believing that she wouldn't be responsible for repaying the loans.

Most of the loans were paid into Mrs B's Nationwide account, this included one loan for £10,000 that Nationwide provided. At the direction of the scammers, the funds were moved between several different accounts before being paid away to third parties. Below is a list of the relevant activity as it relates to Mrs B's Nationwide account:

Payment Number (where applicable)	Date	Event	Amount
	12 November 2023	Card payment as initial deposit for 'investment'.	£200.50 (including £5.99 transaction fee)
	26 November 2023	Loan funds from 'N' credit the account.	+£5,000
1	26 November 2023	Payment to Mrs B's account with 'K'	£4,900
	28 November 2023	Credit (of loan funds) arrives in account from Mrs B's account with 'M'	+£9,900
2	28 November 2023	Payment to Mrs B's account with 'K'	£9,800
	29 November 2023	Loan funds from 'Z' credit the account.	+£10,000
3	29 November 2023	Payment to Mrs B's account with 'K'	£9,700
	1 December 2023	Loan funds from 'N2' credit the account.	+£10,000
4	1 December 2023	Payment to Mrs B's account with 'K'	£9,600

	2 December 2023	Loan funds from 'M' credit the account.	+£10,000
5	2 December 2023	Payment to Mrs B's account with 'K'	£9,800
	2 December 2023	Loan funds from Nationwide credit the account.	+£10,000
6	3 December 2023	Payment to Mrs B's account with 'K'	£9,500
	3 December 2023	Credit arrives from Mrs B's account with 'M'.	+£8,800
7	3 December 2023	Payment to Mrs B's account with 'K'	£8,700
	7 December 2023	Loan funds from 'S' credit the account.	+£7,000
8	7 December 2023	Payment to Mrs B's account with 'K'	£6,900
	22 December 2023	Returned to Nationwide account from Mrs B's account with 'R'.	+£1,970.54

I understand that in late December 2023 the scammer ceased contact with Mrs B who then phoned the Financial Conduct Authority (FCA) for advice and realised she'd been scammed. She then began reporting this to all the businesses involved.

Mrs B didn't think Nationwide had done enough to protect her, this included not doing enough around the loan she took out with them. She feels they should identify when customers are under duress and being scammed. Ultimately Nationwide refunded Mrs B's initial card payment for £200.50, they also paid her £500 compensation in relation to her accounts remaining restricted following the reporting of the scam. Mrs B wasn't satisfied with this and referred the matter to our service.

Initially our Investigator considered this as two separate complaints, one about the loan and the other about Mrs B's account. I've since decided it's more appropriate to address both issues together under one reference. Our Investigator didn't recommend that either complaint should be upheld or that Nationwide needed to do more. Mrs B didn't accept this and asked for an Ombudsman to review her complaint. In June 2025 I issued a provisional decision in which I said:

"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'm intending to reach a different outcome to that of our Investigator. So, I'm issuing this provisional decision to give both sides a further opportunity to comment before my decision is finalised. I'm aware of Mrs B's linked complaints about various financial businesses involved in the wider circumstances, but this decision only relates to Nationwide. Nationwide's first obligation is to follow the instructions their customers (like Mrs B) provide and to promptly execute payments. But, Nationwide should also be alert to the risks of fraud and scams and do what they can to protect their customers from financial harm.

I've reviewed Mrs B's account activity in the months prior to the scam taking place. Each month the account received Mrs B's wages into it, which were then spent from the account, mainly through card payments for day-to-day spending. The account usually had around £2,000 per month move through it, and this was an established pattern of use for a number

of months prior to the scam. So, the activity I've set out in the table above marked a significant departure from how the account was typically used.

Mrs B's account with K was newly set up (at the instructions of the scammer) in November 2023. And it seems Mrs B first paid that account from her Nationwide account with £30 on 22 November 2023. Nationwide say that beyond a general warning being displayed as part of the process, none of the payments to Mrs B's account with 'K' flagged with them. I think that by no later than 28 November 2023, Nationwide ought to have identified that Mrs B may have been at risk of financial harm and have taken some steps to try to mitigate this.

Upon the instruction of payment two, Mrs B had requested nearly £15,000 to be transferred to what was still a new payee. I understand why Nationwide might have taken some reassurance from the fact that Mrs B was paying another account in her own name. But by November 2023, I'd have expected Nationwide to also have been aware of multi-stage scams where payments are passed between accounts in the victims own name before being moved on to a scammer. So, I don't think this means Nationwide didn't need to do more.

At this time, the account had received one loan, and a credit from Mrs B's own account with M. I know the funds from M represented other loans, but this isn't something Nationwide would've known at the time. And I don't think a loan being paid in (alongside a credit from another account) before being paid out, would've been something highly alarming to Nationwide. That being said, I'd have expected Nationwide to have asked some questions to learn more about the purpose of Mrs B's transfers and to have then provided appropriate warnings based on what Mrs B would've said.

I can't know for certain what Mrs B would've said, so I have to make a finding on the balance of probability as to what I think is more likely than not. The evidence from the linked complaints is compelling that Mrs B was entirely prepared to follow the guidance of the scammer to shield the true purpose of her borrowing / payments from various lenders and firms. Examples of this include Mrs B not being truthful with lenders as to the reasons for the loans. Mrs B also commonly said that the payments were for 'home improvements' when this wasn't the case. Mrs B also told K that a payment from her account with them had been for plants that she'd had delivered to her home. K asked her to take a picture of these items and Mrs B said she couldn't because it was dark, but she described them in some detail, listing different types of plants, pots, and plant food etc.

Further to this payments were also made from an account Mrs B held with 'R' as part of the same overall scam. R intervened in some of these payments and gave warnings which included "If anyone is guiding you to make a payment, especially if they are putting you under time pressure, claiming that your money is at risk, or asking you to invest in something, you are almost certainly being scammed..." They also said: "It's important that you answer these warnings honestly – they are here to protect you from scams and keep your money safe. This is a very risky transfer..."

There is also evidence in the form of messages between Mrs B and the scammer which shows that Mrs B was sharing the questions asked of her with the scammer and then replying in line with what the scammer said to say.

So, based on this, I think it's more likely than not that Mrs B would've answered in such a way as to have reassured Nationwide, and I don't think any level of intervention that reasonably could've been expected at that point would've either uncovered the scam or have prevented Mrs B from making further payments.

But over the following days, the activity on the account continued and increased in value. And by the time we get to payment five (on 2 December 2023), this represents Mrs B

instructing payments from her account of over £43,000 in just a few days. This is an even greater departure from how the account had been used previously and I think it should've prompted Nationwide to have had another look at the account. They then would've seen that almost all of this money had come from what looked like personal loans crediting the account. There were four such loans with a combined value of £35,000 which had credited the account and had then all been paid away soon after arriving. I think such activity should've given Nationwide some genuine cause for concern.

I think so much lending in such a short period of time would've been an additional risk factor that Nationwide should've identified. Particularly when the same day Mrs B had also applied for a further £10,000 loan with Nationwide itself, something they presumably could've ascertained at the time. In these circumstances, with such significant sums involved, and the risk that should've been apparent, I think Nationwide should've directed Mrs B to a branch before processing payment five. This is something I'm aware Nationwide does do from time to time when presented with high-risk payment instructions.

And once in branch, the Banking Protocol would've been a valid consideration. This is a scheme supported by the police which aims to protect customers from financial harm. It says that Mrs B should've been discreetly questioned in branch and asked about the payments she was making. Again, there is evidence to support that Mrs B had asked the scammer to help her prepare as she thought R would ask her difficult questions when they intervened in some of her payments. And, as I've said above, I've seen screenshots of the messages between her and the scammer where Mrs B was directed as to how to reply to their interventions. So, I do still think it's more likely than not that Mrs B would've tried to have misled Nationwide as to the purpose of her payments. And I also think if she'd been called into branch, she would've similarly prepared and have come with an explanation for the payments she was instructing.

That being said, the branch staff should be trained to look out for customers who are being influenced or who are on their phone etc. So I don't think the scammer could've assisted in the same way as she did with all the interventions that weren't face to face. I've given careful consideration to this point and whether Nationwide invoking the Banking Protocol would've ultimately made a difference. In thinking about this, I've taken account of the way in which the scam finally did come to light. This seems essentially to have been that the scammer ceased contact with Mrs B. And initially Mrs B thought this might've been due to the time of year (Christmas / New Year). And I understand that when she still hadn't heard anything by early January, she contacted the FCA who told her this was most likely a scam and prevented further payments. So it wasn't the intervention of a trusted friend or entity that made a difference, it was primarily the scammer ceasing contact which prompted Mrs B to seek guidance. I also need to acknowledge the very direct and clear warnings that were given by various other banks and to which Mrs B paid no attention, or if she did pay attention, she was then talked round again by the scammer once no longer in direct contact with the bank. These warnings combined with some of the messages between Mrs B and the scammer in which she says words to the effect of "I feel like I'm in the middle of a scam" support that this isn't a case where Mrs B was oblivious to the possibility of a scam such that a warning would've suddenly revealed this to her. The evidence supports that she was already cognisant of that possibility. And was then persuaded and reassured by the scammer that everything was ok.

Ultimately, I'm not persuaded that even the Banking Protocol would've made a difference and have prevented Mrs B from continuing to make her payments. And in the circumstances of this complaint, I don't think anything Mrs B would've said would've given Nationwide sufficient grounds to refuse her instructions altogether, particularly when she was seeking to pay other accounts that she could've demonstrated were in her name and control.

But given all I've said above about the activity on the account and the suspicions that should've been raised. Firstly, whilst I acknowledge Mrs B was tricked into believing she wouldn't be responsible for repaying it, it isn't in dispute that she made the loan application with Nationwide for the £10,000 loan. So the starting point is that she entered into that agreement with them, to repay over the given term and at the given interest rate in line with the agreement. And I don't think there was anything about the loan application itself or the communication around that time where it would be reasonable to expect Nationwide to have identified that it was being taken under the influence of a scammer (as Mrs B has suggested).

However, Nationwide are also required to lend responsibly and to ensure their customers can afford any repayments in a sustainable way. And with that in mind, I don't think it was reasonable for Nationwide to agree to the £10,000 loan that she applied for with them. Nationwide had access to sufficient information to show that Mrs B had already taken on several loans in a short space of time. The statements showed that Mrs B had taken on £35,000 of loans in around a week, and the Nationwide loan application took this to £45,000. And whether Nationwide should've looked at this as part of their regular lending checks, or as a result of identifying and closely monitoring her profile with them based on the unusual account activity and associated risks that I've set out above, I don't think the lending decision was fair and reasonable. Given the other lending that arrived in her account around that time, I don't think Nationwide should've concluded Mrs B would've been able to afford to repay her loan with them.

But just because I'm intending to find the lending wasn't affordable for Mrs B, this doesn't automatically mean the loan should be written off. Factually Nationwide paid this money into Mrs B's account (even though I accept she lost it to a scam). But as I've covered above, I don't think this is something Nationwide can fairly and reasonably be considered responsible for. However, I don't think it would be appropriate for Nationwide to profit from what wasn't responsible lending.

In light of that I'm intending to direct that Nationwide remove all interest and charges from the loan and only seek repayment of the principal amount. As I understand there is still a significant amount remaining to be repaid on the loan, in the circumstances of this complaint, I think it would be fair and reasonable for Nationwide to take any sums already paid towards any interest and charges off the principal amount owed. I'm aware that Mrs B has a significant amount of outstanding debt in relation to the unsecured loans that were taken out in circumstances linked to the scam. And that she is in a very difficult financial situation. I'd expect Nationwide to familiarise themselves with her full situation and to treat Mrs B positively and sympathetically with regard to what she would be able to afford to repay. Mrs B also mentioned that she didn't feel Nationwide had treated her sympathetically, particularly in relation to a call that took place on 30 January 2025. This is something that took place after Nationwide had issued their final response in relation to this matter, and so isn't something I will comment on here. If Mrs B remains dissatisfied on that point, this is something she can raise with Nationwide and potentially refer to our service if they can't resolve it for her.

For completeness, (as I appreciate these points aren't central to Mrs B's complaint) but I also think the refund of Mrs B's initial card payment and the £500 compensation payment are both fair. I think that compensation is a fair way to put things right given the impact of Mrs B's account remaining restricted longer than it ought to have done. And for the reasons I've set out, I don't think there is a basis to direct that this amount should be increased due to any other service issues prior to Nationwide issuing their complaint response. And the fact that the card payment was refunded, doesn't obligate Nationwide to do the same in relation to the later payments.

I appreciate my intended outcome leaves Mrs B in a difficult position and I'm acutely aware of her difficult personal circumstances. But the primary responsibility for this sits with the cruel scammers who perpetrated the scam. So despite my natural sympathy for her as a victim of crime, for the reasons I've explained I'm not currently intending to require Nationwide to do more than I'm setting out below to resolve this complaint.

My provisional decision

For the reasons outlined above, but subject to any further information I receive from either Mrs B or Nationwide, I intend to uphold this complaint in part.

I intend to direct Nationwide Building Society to remove all interest and charges from the £10,000 loan and to not pursue Mrs B for more than that amount. The full amount of any payments made to date may be used by Nationwide to reduce the amount owed.

In the event that Nationwide has sold the debt, they should take the necessary steps to ensure that Mrs B isn't pursued for more than the £10,000 amount in total. This should either be by buying back the debt so they can carry out my directions in relation to the loan, or ensuring any third party does so promptly on their behalf."

Both Nationwide and Mrs B responded with further comments which I'll address below.

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.

Mrs B acknowledged that she applied for the loans relevant to the wider circumstances of this complaint (including the one with Nationwide). She also highlighted ways in which she believes Nationwide ought to have done more at the time, and she believes Nationwide missed an opportunity to intervene. She thinks the multiple instances of lending (all at or below £10,000) should've been a further concerning factor. And if this had been suitably questioned Mrs B's vulnerable state would've become apparent. She asked that I consider apportioning a percentage of liability to both parties in these circumstances.

I've considered these points, and as I've set out above, I agree that Nationwide should have done more than they did in relation to questioning the account activity. So this isn't a question of whether there has been a failure by Nationwide, I agree there has. But for me to fairly make an award due to this (even if I were to apportion the loss between two parties), I'd need to be persuaded that the relevant failure was causal to the losses suffered. Again, I accept this is a balanced case. But I'm more persuaded by the evidence I've referenced above, with the instances of Mrs B being reassured by the scammer when she had concerns, and multiple instances of providing various reasons to financial institutions which masked the true situation as it was happening. So whilst I acknowledge Mrs B's difficult situation, and despite my natural sympathy for her, I'm not persuaded to deviate from the outcome as set out in my provisional decision.

Nationwide disagreed that the lending was unaffordable for Mrs B. They included evidence of the checks they conducted at the time and highlighted that Mrs B hadn't included repayments for the other loans in the information submitted, and that the credit reference agencies wouldn't have been updated at that time with the loans all being applied for in a short space of time.

At the point at which the loan was paid into Mrs B's account, Nationwide should have been on notice as to the potential fraud risk to their customer. I've set this out in some detail above, including the outgoing account activity combined with the incoming payments which would've most likely have been identifiable as unsecured lending. As I've said above, Mrs B should've been called into branch, so a more detailed discussion could've been had with her. As a result of the fraud / scam checks that should've taken place, Nationwide would've identified the multiple other instances of very recent lending.

And with the information that Nationwide would've had at that time (even if this only would've come to light as a result of the fraud / scam concerns rather than through the usual lending checks), in the specific circumstances of this complaint, I don't think Nationwide's decision to lend can be considered fair and reasonable. As such, I'm similarly not persuaded to change my outcome with regard to whether it is now fair and reasonable for Nationwide to pursue Mrs B for more than the principal amount of the loan.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint in part.

Nationwide Building Society must remove all interest and charges from the £10,000 loan and not pursue Mrs B for more than that amount. The full amount of any payments made to date may be used by Nationwide to reduce the amount owed.

In the event that Nationwide has sold the debt, they should take the necessary steps to ensure that Mrs B isn't pursued for more than the £10,000 amount in total. This should either be by buying back the debt so they can carry out my directions in relation to the loan, or ensuring any third party does so promptly on their behalf.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 July 2025.

Richard Annandale
Ombudsman