

The complaint

Mr M complains that Nationwide Building Society (“Nationwide”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr M has explained that between September 2021 and October 2022 fifteen transactions totalling £3,742.16 were made from his Nationwide account for what he thought was a legitimate arrangement. However, Mr M subsequently realised he’d been scammed and got in touch with Nationwide. Ultimately, Nationwide didn’t reimburse Mr M’s lost funds, and Mr M referred his complaint about Nationwide to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for a 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.

Having done so, I’ve decided to not uphold Mr M’s complaint for materially the same reasons as our Investigator.

First, let me say, I’m sorry if Mr M has been the victim of a scam here. Ultimately, however, Mr M has suffered his loss because of fraudsters, and this doesn’t automatically entitle him to a refund from Nationwide.

The Contingent Reimbursement Model (CRM) is a voluntary code introduced in 2019 to reimburse consumers who are the victims of scams in certain circumstances. However, the CRM code doesn’t apply to Visa payments like those which were made in this case. This means it would only be fair for me to tell Nationwide to reimburse Mr M his loss (or part of it) if I thought Nationwide reasonably ought to have prevented the payments (or some of them) in the first place, or Nationwide unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I’m satisfied Mr M authorised the relevant payments. I understand Mr M has said he was scammed because he was tricked into paying the merchant for services that it didn’t provide. But nonetheless, whilst I’m sorry if Mr M was scammed, he nonetheless provided the merchant with his card details and he intended to make payment. Mr M has said that he thought he’d set up a Direct Debit but that these payments appear to have been taken by Continuous Payment Authority. I’ve seen an email to Mr M from the scammers dated 19 August 2021 from which it’s clear Mr M would have expected to pay the scammers a certain amount each month. So whilst I accept Mr M was tricked into making the payments (because he was scammed), I’m nonetheless satisfied that he intended to make the payments and consented to doing so.

I'm aware that Mr M has said he wasn't aware of his right to cancel the payments at any time, and he says Nationwide should have informed him the payments were being taken the way that they were. But as I've said, I'm persuaded Mr M authorised these payments. And I don't think it would be fair for me to say Nationwide is at fault because it didn't tell Mr M he could cancel the payments, when I'm satisfied Mr M intended to make the payments anyway, as at this point he didn't yet know he'd been scammed.

Nationwide would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr M is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Nationwide should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam.

However, there are many payments made by customers each day and it's not realistic or reasonable to expect Nationwide to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). And I'm satisfied that these payments, which were essentially for £330 in September 2021, £310 each month from October 2021 to April 2022, and then £207 each month from May to October 2022 just wouldn't be of the type that I could fairly say ought to have drawn Nationwide's attention in terms of fraud and scams monitoring. They were, in fraud and scams monitoring terms, for relatively low amounts, and spread out. I also can't see that there would have been anything about who Mr M was paying that would have flagged on Nationwide's fraud system. Mr M has said they were offering him financial advice and yet weren't registered with the FCA. But Nationwide wouldn't have known what Mr M's payments were for. Instead, what we're considering here is whether the nature of the payments was such that Nationwide's algorithms for fraud monitoring ought to have flagged them as suspicious and as warranting intervention from Nationwide before allowing them through. And for the reasons the Investigator explained and as I've said above, I don't think they should have. This means I can't fairly say that Nationwide ought to have intervened in the payments before allowing them through, nor therefore that it reasonably ought to have prevented the payments from having been made.

As these were effectively card payments, the only potential avenue for recovery of the payments would have been through the chargeback scheme. However, the chargeback scheme is a voluntary scheme, and time limits apply. And in this case I've seen no evidence that Nationwide was made aware of the issue until July 2024. But by then the time limits for chargebacks had expired, given the amount of time that had expired since the date of the payments and service Mr M expected. So there wouldn't have been a realistic prospect of Nationwide recovering the payments through the chargeback scheme. In saying this, I'm aware Mr M has said in his recent submissions that if he'd been aware of how his payments were being taken, he would have reported the scam sooner and potentially been in time for chargeback claims. However, I see no persuasive reason why this would have made a material difference. As I've said, I'm persuaded Mr M authorised these payments. And I'm not persuaded that the way the payments were made would have had any bearing here on how quickly Mr M reported the scam bearing in mind Mr M intended to make the payments anyway, as at that point he didn't yet know he'd been scammed.

I'm sorry Mr M was scammed and lost this money. Despite my natural sympathy however, I can't fairly tell Nationwide to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have been able to recover them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 December 2025.

Neil Bridge
Ombudsman