DRN-5755839

The complaint

Mr M complains that Nationwide Building Society has declined to reimburse payments made in relation to an investment scam.

What happened

As the parties are familiar with the facts of this case, I'll summarise them briefly.

In January 2023, Mr M saw an advert on social media showing a well-known celebrity endorsing an investment opportunity. Mr M was then in contact with scammers who initially asked him to invest and later required payments to access his 'profits'. As part of the scam Mr M set up other accounts and provided remote access to his device.

Nationwide reimbursed the scam payments made to a third party, but Mr M is still disputing several payments between February and July 2023 totalling over £145,000 to his own accounts with other providers. While Mr M also took out a loan with Nationwide, this doesn't form part of this complaint.

Nationwide declined to reimburse the payments on the basis that the funds had gone to Mr M's own accounts and were lost from there.

When Mr M referred the matter to our service, the investigator didn't uphold the complaint. In summary they thought Mr M had authorised the disputed payments and that when Nationwide did intervene Mr M wanted to continue with the payment.

Mr M didn't agree; he said he was taken in by the scammers and forced to lie.

So, the matter has been passed to me for consideration by an ombudsman.

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'm not upholding this complaint for similar reasons to the investigator.

I'm very sorry that Mr M has been the victim of a cruel scam and I understand this has had a significant impact on his and his family.

<u>Has Nationwide acted fairly in treating the disputed payments as authorised?</u>

The relevant law here is the Payment Services Regulations 2017 (PSRs) – these set out the circumstances in which a payer (here Mr M) and a payment service provider (here Nationwide) are liable for payments. As a starting point, Mr M is liable for payments that he authorised and Nationwide should reimburse unauthorised payments.

Mr M has told us that he was directed by the scammer to move money, but he's also said that the scammer had remote access, and they were in control. So, it's not clear if Mr M made all of the payments himself or allowed the scammer to access the account to make them. But it doesn't appear to be in dispute that Mr M was aware of the payments at the time. Based on this, I think it's fair to treat the payments as authorised, as they were either made by Mr M or on his behalf with his consent.

<u>Did Nationwide miss an opportunity to prevent Mr M's loss?</u>

In broad terms, the starting position at law is that payment services providers such as Nationwide are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Nationwide ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances

Taking into account the activity on Mr M's account involved an increase in high value payments compared to previous usage, I think Nationwide ought to have identified that Mr M was at a heightened risk of financial harm from fraud.

However, for me to conclude that it would be fair for Nationwide to reimburse Mr M for some or all of his loss on this basis, I would need to think that a proportionate intervention by Nationwide would likely have prevented this loss. Based on the information available, I don't think it would be reasonable to reach that conclusion, I'll explain why.

In February 2023, Mr M spoke with Nationwide about a payment he was making to a business (I'll call Bank B) as part of the scam. During this call Mr M was asked about the purpose of the payment, and he explained it related to a family cruise to celebrate an upcoming birthday. Nationwide explained the hallmarks of an investment scam where customers were encouraged to set up accounts with Bank B to invest in cryptocurrency. Mr M confirmed he wasn't "into that" and he'd opened the account with Bank B himself. He was asked if anyone had told him to give them a story and Mr M responded that he wasn't dealing with anyone like that.

Mr M has shared that he was coached by the scammer about what to say to banks and that he felt under their control. While I appreciate he was manipulated, and I'm not passing judgement on his character, it is a fact that he misled Nationwide about the payment to the extent that he prevented it from identifying the true purpose of his payment and the scam he had fallen victim to.

I have no reason to think that Mr M would have acted differently had there been any further interventions. On balance, it's more likely that under the coaching of the scammer, Mr M would have continued to mislead Nationwide and not heeded relevant warnings. I do appreciate Mr M felt forced to lie by the scammer, but this doesn't mean it would be fair for Nationwide to reimburse him. The extent of the control the scammer held over Mr M only supports that further interventions wouldn't have been effective.

For these reasons, I don't think it would be fair to require it to reimburse any more of Mr M's loss.

<u>Could Nationwide have done anything else to recover Mr M's money?</u>

The funds in dispute went to accounts in Mr M's own name, so I wouldn't have expected Nationwide to take steps to request these back from those accounts. Mr M would have been able to transfer back any funds that remained so this wouldn't have changed the overall position in relation to the loss to the scam.

My final decision

For the reasons explained, my final decision is that 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 1 October 2025.

Stephanie Mitchell
Ombudsman