

## **The complaint**

Mr P complains that Nationwide Building Society won't refund money he lost to a scam.

## **What happened**

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr P fell victim to an impersonation scam in August 2024. He received an email from what he believed was a legitimate travel company (which I'll refer to as 'B') that he had an existing hotel reservation with. The email included a verification link to confirm the reservation, which directed Mr P to what appeared as B's genuine website. It also contained all his reservation details. The website directed Mr P to provide his card details to confirm his reservation, which he did. This generated a push notification on Mr P's Nationwide banking app to confirm the transaction – which stated the payment was being made to a money transfer company (which I will refer to as 'T'), not B. As the hotel reservation was based abroad, Mr P assumed it was legitimate as it might have involved a currency exchange, so he authorised the payment for £800.

Mr P has explained that the website then refreshed and requested a further payment. As he found the first payment had debited from his account, he carried out a search online about scams and realised he'd been the victim of one. So, he contacted Nationwide to report the scam payment. During this time, Mr P received another push notification for an £800 transaction that he declined.

Nationwide notified Mr P they wouldn't be refunding the £800 payment as it had been approved by him via his internet banking. Mr P raised a complaint. Nationwide said they hadn't done anything wrong when rejecting the fraud claim. But they acknowledged they wrongly told him he'd be refunded before they'd carried out their investigation – and so, they paid Mr P £25 compensation to recognise this. Nationwide advised, given B had acknowledged a problem with their site security, that Mr P should contact B as the responsibility of a potential refund would lie with them.

Mr P received a refund from B on 14 October 2022.

Mr P referred his complaint about Nationwide to the Financial Ombudsman. He said Nationwide should refund him the £800 payment under the Contingent Reimbursement Model (CRM) code – as his efforts to recover the funds from B do not absolve Nationwide of their duties under this code. He also wanted £500 compensation for the stress, inconvenience and emotional distress caused by Nationwide's mishandling of his fraud case. And reimbursement of the £54.15 in overdraft fees he incurred on the £800 payment due to Nationwide's failure to promptly refund the payment themselves.

Our Investigator didn't think Nationwide had to do anything further. He explained the payment wasn't covered under the CRM code. Nor did he think the payment was suspicious enough that he would have expected Nationwide to have had concerns Mr P was at risk of financial harm from fraud – but he noted Mr P confirmed that the payment was genuine when it was made. Our Investigator also didn't think a chargeback claim would've been successful – as T had provided the service paid for.

Mr P didn't agree and asked for his complaint to be looked at by an Ombudsman. In short, he said:

- He hadn't made payments to T, or any other money transfer company (which are often associated with fraudulent activity), before. So, Nationwide should have seen the payment as unusual.
- A second payment to T was attempted, which prompted him to immediately cancel the push notification. This should've shown Nationwide that this was unusual behavior for his account.
- He was the victim of a sophisticated scam. And he confirmed the payment as genuine due to being under duress from the misleading and fraudulent communications received.
- He has suffered financial and emotional harm due to Nationwide's failure to implement effective fraud prevention controls.

Our investigator explained to Mr P that, as B had refunded the £800 payment, there wasn't a loss to be considered. He also outlined that Mr P was provided with £25 compensation from Nationwide to apologise for the incorrect information that had been provided.

Mr P remained in disagreement with our Investigator, and so the case has been passed to me to decide. In short, he further added:

- Although B eventually refunded him, this was secured entirely due to his own persistence. And it should absolve Nationwide of their responsibilities.
- Nationwide should've recognised the payment as high-risk and unusual for him.
- He called Nationwide immediately after the payment, but they failed to provide meaningful support.
- Nationwide didn't take the appropriate steps to protect him from financial harm, despite multiple warning signs and a clear opportunity to act. And the £25 compensation for providing incorrect information is wholly inadequate here.
- Although the CRM code doesn't apply to card payments, the broader principles of fair treatment and consumer protection are relevant.

### **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 sorry Mr P has been the victim of a scam as I appreciate it's impacted him greatly. But just because a scam has occurred does not mean that he is automatically entitled to a refund by Nationwide. It would only be fair for me to tell Nationwide to reimburse Mr P if I thought they were responsible for his loss (if any), or that if I considered they hindered the recovery of the funds. Having carefully considered this, I don't think Nationwide have acted unfairly by not providing a refund. I'll explain why.

Before I do, I want to reassure Mr P that I've considered everything he's submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Nationwide are responsible for any loss Mr P suffered because of the scam.

At which point, I should note that I'm aware Mr P has received a refund for the £800 transaction from B. Because of this, aside from the claimed overdraft fees (which I'll go on to address), there isn't a loss for me to consider. And it wouldn't be fair for me to direct

Nationwide to refund this in the circumstances – as it would put Mr P in a position of betterment. Nevertheless, I've considered Nationwide's handling of the disputed payment.

Mr P has referenced the CRM code - which can offer a potential means of obtaining a refund following situations like this. While I appreciate Mr P's view that the broader principles of fair treatment and consumer protection are relevant, I cannot fairly apply the CRM code to this payment as it doesn't cover debit card transactions. I've therefore considered whether it would otherwise be fair and reasonable to hold Nationwide responsible for Mr P's claimed loss.

In broad terms, the starting position in law is that payment service providers are expected to process payments that their customer authorises them to make. It isn't disputed that Mr P authorised the payments from his Nationwide account – albeit under the deception of the scammers. Therefore, under the Payment Services Regulations and the terms of his account, Nationwide are expected to process Mr P's payment, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Nationwide to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instruction given by Mr P to Nationwide was unusual enough to have expected additional checks to be carried out before the payment was processed.

When considering this, I've kept in mind that Nationwide process high volumes of transactions each day. And that there is a balance for Nationwide to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for Nationwide to carry out additional checks before processing every payment.

Here, Nationwide did provide Mr P with a banking app notification to ask him to confirm he was making the payment. And, in the circumstances, I think this additional check was proportionate to the risk the payment presented. This is because the payment, while not an insignificant amount, was relatively low in value and it was in line with Mr P's typical account spend. It was also going to a legitimate firm, T. I note Mr P has said fraudulent activity is associated with money transfer companies. But although some transactions to firms like T might be related to fraud or scams, the vast majority are for legitimate purposes. And it's common for customers to make payments to new merchants at times as part of normal account activity.

In these circumstances and given, as I've said, there is a balance for Nationwide to find between questioning transactions and allowing customers to use their account without unreasonable friction, I don't think Nationwide would've had sufficient reason to suspect Mr P wasn't making the payments for anything other than legitimate purposes upon it being confirmed as genuine. The activity didn't have the typical traits of fraud or a scam. I therefore wouldn't have expected Nationwide to have carried out any further checks before processing the payment.

I'm aware Mr P has referenced the second payment that seemingly was attempted by the scammers. But as this payment was stopped, I don't need to consider it further here – as it couldn't have been taken into consideration before the first payment was made.

I've thought about whether Nationwide could reasonably have done anything else to recover Mr P's payment after he reported the scam. As the debit card payment had been authorised by Mr P, the only option available was via a process called chargeback. Unfortunately, this didn't have any reasonable prospect of success. This is because the service had been provided by T – the transfer of funds. I appreciate Mr P didn't knowingly pay for this service,

as he thought he was paying B, but T would've likely defended the chargeback nonetheless. So, I don't think Nationwide could've done anything more to recover Mr P's funds.

I appreciate Mr P feels he only received the refund from B because of his own persistence to try and resolve the matter. But while I'm sympathetic to his situation, I don't think I can fairly hold Nationwide responsible for this. And I'd add that it would be reasonable to expect a customer to contact the merchant directly to try and recover their money. At which point I'd note that Nationwide wouldn't have been able to contact B regarding the disputed payment, only T. That however wouldn't have led to Mr P receiving his funds back for the reasons I've already explained.

I understand Mr P wants Nationwide to refund £54.15 for overdraft charges he incurred for the £800 payment. But I don't think that would be fair here. Mr P authorised the payment to be debited from his account and ought to have known that his overdraft facility would be used. And, as I've said, I think Nationwide acted reasonably by processing the payment. So, I think it is fair for Nationwide to apply the overdraft charges in line with the terms of Mr P's account. I therefore don't think Nationwide have to refund these charges.

Mr P doesn't think the £25 compensation is adequate. He thinks £500 should be paid to recognise the stress, inconvenience and emotional distress caused by Nationwide's mishandling of his fraud case. As I don't think Nationwide is responsible for what happened, I can't fairly attribute most of the impact from the scam to Nationwide. The main contributor of this is the scammer. I am however aware that, when Mr P reported the scam, Nationwide explained he would be refunded should the payment be found to be fraudulent. Nationwide have accepted this shouldn't have happened, apologised and paid Mr P £25.

I realise that Mr P's expectations of receiving a refund from Nationwide were raised as a result. And so, naturally, it would've been disappointing to later be told a refund wouldn't be provided. But just because Mr P was given incorrect information doesn't mean Nationwide have to honour it. Instead, I've considered the impact of this information on Mr P. And while it didn't change the outcome of his fraud claim, I think it caused some trouble and upset that could've been avoided. I know it isn't a significant amount, but I don't think £25 is an unreasonable amount to recognise this error – and Nationwide's response to Mr P's complaint clarified their position about two weeks later.

I appreciate Mr P will be disappointed by this outcome. But he has already received a refund for the £800 payment from B. And for the above reasons, I don't think Nationwide need to do anything more.

### **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 P to accept or reject my decision before 27 October 2025.

Daniel O'Dell  
**Ombudsman**