

The complaint

Mr C complains that Nationwide Building Society won't refund the money he lost to an investment scam. Mr C was initially represented in this complaint, but I'll refer to him as it's his complaint.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr C explains that in 2024 he was having issues with his job including working shifts and, due to a lack of sleep over noise issues, wasn't *'thinking straight'*. Also, he was thinking about investing for the future.

In July 2024, Mr C received an unexpected message from an unknown person who I'll call Person M (the scammer), and he struck up a *'special friendship'*.

Person M claimed to be a member of a professional analyst team and crypto trader. She said she was making a lot of money from investing in crypto and influenced and coached Mr C to set up crypto exchange accounts and pay money into her fake overseas crypto investment platform.

In July 2024, Mr C made the following two payments from his Nationwide account to his account with a crypto exchange called Company M and then on to the scammer:

- £500 on 8 July 2024 (payment 1)
- £2,200 on 20 July 2024 (payment 2)

In August 2024, Mr C made two more payments for:

- £1,000 on 5 August 2024 (payment 3)
- £9,000 on 6 August 2024 (payment 4)

These two payments went from his Nationwide account to Person N's (who appears to be a another victim rather than a scammer) Firm R bank account who then paid the scammers via Company M.

Mr C attempted a fifth payment, from his Nationwide account, on 6 August 2024 for £27,000 but Nationwide blocked this and intervened. Mr C says this intervention and being asked for high release fees made him realise he had been scammed.

Mr C complained to Nationwide, seeking a refund of his four payments for £12,700 together with interest, £250 compensation and legal costs.

Nationwide couldn't see they had done anything wrong, and they rejected Mr C's complaint and claim.

Mr C brought his complaint to our service. Although our investigator thought Nationwide should've put a human intervention in place one payment earlier (payment 4 for £9,000), she didn't think this would've stopped Mr C's loss.

Mr C disagrees and he thinks a Nationwide intervention at payment 4 would've stopped that payment and loss. Also, he thinks another would've intervened on the smaller payments.

As Mr C remains dissatisfied his complaint has been passed to me to look at.

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, my decision is not to uphold this complaint, and I'll explain why.

I should first say that:

- I'm very sorry to hear that Mr C has been the victim of this cruel scam and lost a significant amount of money here.
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on balance of probabilities.
- Although Nationwide is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I'm satisfied this code doesn't apply here. This is because the payments went to another account in Mr C's name and crypto payments aren't covered.
- Regarding efforts to recover Mr C's loss. As the payments to the scammer were to a crypto exchange and then onto the scammer, I don't think Nationwide could've been expected to recover the funds.
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

PSR

Under the PSR and in accordance with general banking terms and conditions, banks and building societies should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mr C made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a building society should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Building Societies do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Nationwide should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent

years, which banks and building societies are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Consumer Duty

Also, from July 2023 Nationwide had to comply with the Financial Conduct Authority's Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Nationwide was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, look out for signs of vulnerability.

Although Mr C has provided information on being vulnerable, and I empathise with his situation, I can't see any evidence that, prior to this scam in 2024, he'd made Nationwide aware of this and discussed the risks and any mitigation with them.

With the above in mind, I considered the following:

Should Nationwide have recognised that Mr C was at risk of financial harm from fraud and put interventions in place?

For payment 1 and 2 for £500 and £2,200, to a company which provides high risk crypto services, Nationwide have provided evidence that Mr C was given strong automated warnings about crypto fraud and scams that were relevant to this scam. These highlighted that '*criminals want you to change your money into cryptocurrency so you can send it to them*' and included links to FCA advice and a scam checker service. I think this was a proportionate risk mitigation, considering the relatively low amounts, that the payments were twelve days apart and there was no obvious scam pattern.

Regarding payment 3, to Person N for £1,000, despite it being to a new payee I wouldn't have expected any intervention. This is because the payment was for a relatively low amount going to an account with a legitimate and regulated bank. Also, building societies process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.

Regarding payment 4 for £9,000 a day later, again to Person N, I would've expected to have seen an intervention put in place. This is because Mr C had only just set up Person N as a new payee and was then transferring £10,000 in two days, which considering Mr C's normal expenditure was a high amount.

As I couldn't see that Nationwide put any intervention in place for payment 4, I then considered:

What kind of intervention they should've provided?

Considering the high amount spread over two days, I would've expected them to have put in place an intervention with a fraud and scam agent so they could ask probing questions on

the payment purpose and the checks and research completed. I also would've expected them to give warnings about common types of scams.

I then considered:

Whether an effective intervention would've prevented Mr C suffering a £9,000 loss

I looked at causation. Put simply, whether Nationwide's failure to warn and intervene caused Mr C's loss. To do this, I reflected on the human intervention Nationwide did put in place when Mr C tried to make a further payment for £27,000. I also looked closely at Mr C's submissions including his messaging app dialogue with Person M.

I think it more likely than not that, when asked for the payment purpose, Mr C would've given Nationwide the same untruthful reason (paying for goods on behalf of a family member in Country A to help his business), and an agent would've become suspicious, blocked the payment and restricted account access.

I say this because the payment wasn't going to Country A and Mr C couldn't answer questions about the business or goods. Also, Mr C's answers were very vague, he sounded hesitant and paused when asked basic questions. In addition, I found Mr C's action suspicious when he called back and spoke to another agent (after being warned about a possible scam and asked to get more information). Mr C communicated his decision to subsequently stop helping his family member but didn't want to expand on his reasons and, when the agent was concerned about him being scammed, he continued to be vague giving the same cover story.

As both agents suspected a scam, I think they should've given more information on different types of scams. But I'm not persuaded any information or warnings would've resonated with Mr C who was under the spell of Person M, who he thought he had a special friendship with, and who was telling him to be untruthful to financial firms if they intervened. Also, he quickly dismissed the agents' concerns about him being scammed and their warning about whether someone was telling him to lie. Furthermore, in addition to strong automated warnings (mentioned above), there is evidence that another bank intervened and blocked a payment prior to Mr C making payments from his Nationwide account.

Although I don't think the £9,000 payment would've been released had there been an intervention on payment 4, I think Mr C would've found another way to make the payment.

In addition to my above comments about him being under Person M's spell he continued to liaise with Person M several months after the intervention. He received a credit for £589.94 six weeks after the 6 August 2024 intervention and the dialogue with Person M indicates he was planning to and / or making further payments from another bank to the scam investment.

Considering this and that Nationwide's restrictions wouldn't be indefinite or cover 'me to me' payments to other bank accounts he held, I think it more likely than not that an intervention on payment 9 wouldn't have prevented Mr C losing this money.

I realise this decision will come as a disappointment to Mr C and I'm very sorry he has lost a significant amount of money in this cruel scam. But, for the reasons I've explained, I won't be upholding this complaint and asking Nationwide to make a refund.

My final decision

For the reasons mentioned above, I'm not upholding this complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 November 2025.

Paul Douglas
Ombudsman