

The complaint

Mrs H complains that Nationwide Building Society ('Nationwide') hasn't refunded the money she lost to a police impersonation scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

Between October 2024 and January 2025, Mrs H was targeted by scammers impersonating the police. Mrs H was led to believe that Nationwide and another of her banks (which I'll refer to as 'Bank N') were both under investigation for fraud.

On 31 October 2024, Mrs H withdrew £5,000 in cash from her accounts with Nationwide and Bank N. She handed the cash to a scammer, posing as a courier for the police. The next day, the scammers called Mrs H and told her that counterfeit notes had been identified in the cash withdrawals from both Nationwide and Bank N.

Mrs H and her husband, whom I'll refer to as 'Mr H', both held investments with another financial firm, which I'll refer to as 'Bank E'. The scammers told Mrs H that Bank E was also under investigation for fraud.

To prevent their funds being stolen, Mr and Mrs H were told to cash in their investments with Bank E. The funds from both investments were deposited into Mrs H's Nationwide account on 14 November 2024. Mrs H was told that she needed to buy gold with those funds and hand this to the police for safe keeping.

On 5 December 2024, Mrs H purchased £150,074 worth of gold. Mrs H went into a Nationwide branch and made a CHAPS payment to the merchant the gold had been ordered from. Mrs H told Nationwide that she was buying gold as an investment. The merchant delivered the gold to Mrs H, before she subsequently handed it to a scammer, posing as a courier for the police.

On 19 December 2024, Mrs H attempted to purchase £224,960 worth of gold from the same merchant as before. She visited the same Nationwide branch as before and attempted to make a CHAPS payment to the merchant. Again, Mrs H told Nationwide that she was buying gold as an investment. Mrs H was led to believe the payment was successful, however Nationwide didn't process the payment as it had concerns that Mrs H was falling victim to a scam.

On 20 December 2024, Mrs H went back to the Nationwide branch to speak to the manager and answer some questions. The Nationwide branch manager wasn't satisfied by Mrs H's answers to their questions, and they explained their concerns to Mrs H. She was asked to return to the branch with some additional evidence, such as proof of insurance for the gold, before Nationwide would approve her payment. However, Mrs H didn't return to the branch to continue with the payment.

On 6 January 2025, Mrs H purchased £224,736 worth of gold. Mrs H went into a different Nationwide branch and made a CHAPS payment to a different merchant who she'd ordered the gold from. Again, Mrs H told Nationwide that she was buying gold for an investment. Mrs H collected the gold from the merchant, before handing it to a scammer, posing as a courier for the police.

Shortly after the second gold purchase, the scam was identified. Nationwide carried out an investigation and agreed it could've done more to protect Mrs H from making the scam payments, although not the cash withdrawal. However, it also thought Mrs H needed to take some responsibility for her loss. So, Nationwide reimbursed 50% of the payments she'd made to the gold merchants.

Mrs H didn't think it was fair for Nationwide to hold her equally responsible for her loss. So, she made a complaint. Nationwide considered the complaint but maintained its decision to only reimburse half of the payments to the gold merchants.

Unhappy with Nationwide's response, Mrs H referred her complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, they thought Mrs H ought to have had concerns about what the scammer was asking her to do and so, in their opinion, Nationwide's offer, to only reimburse 50% of the loss caused by the payments to the gold merchants, was fair.

Mrs H didn't accept our Investigator's opinion. As an informal agreement couldn't be reached, the complaint has been passed to me to decide.

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 H has made some detailed submissions in support of her complaint. I've read and considered everything she's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Mrs H made the disputed transactions. And she received the cash from Nationwide and the gold from the two merchants. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mrs H is responsible for the transactions (and the subsequent loss). However, that's not the end of the story.

Mrs H's payments to the gold merchants

Mrs H's disputed payments were made after the introduction of the Faster Payment Scheme Reimbursement Rules ('Reimbursement Rules'), which came into force on 7 October 2024. The Reimbursement Rules require a Payment Service Provider ('PSP'), such as Nationwide, to reimburse authorised push payment ('APP') scam victims in all but a number of limited circumstances. However, PSPs aren't responsible for the loss caused by every APP under the Reimbursement Rules – and, to be clear, they don't apply to cash withdrawals.

For the Reimbursement Rules to apply, a payment must meet the relevant definition of an APP scam, which is:

“Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended*

For the avoidance of doubt, if the Consumer is party to the fraud or dishonest, this is not an APP scam for the purpose of the FPS reimbursement requirement or the FPS reimbursement rules.”

I accept that Mrs H made the disputed payments as part of an overall scam. However, the payments didn't go directly to the scammer. The payments went to genuine merchants, who provided goods in exchange for the payments. So, the recipients were who Mrs H intended to pay and the purpose of the payments was what Mrs H intended at the time – i.e., she was making the payments to purchase gold (which she received). As a result, I'm not persuaded the relevant definition of an APP scam has been met and the Reimbursement Rules therefore don't apply in Mrs H's circumstances.

However, good industry practice required Nationwide to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

Nationwide has already accepted that it ought to have done more to protect Mrs H from the scam and reimbursed 50% of her loss from the payments to the gold merchants. So, I don't think it's necessary to set out my own opinion on whether Nationwide reasonably could've prevented Mrs H losing that money to the scam. Instead, I've focused on what I deem to be the crux of the complaint – i.e., is it fair to hold Mrs H equally responsible for her loss from those payments?

I appreciate Mrs H believed she was speaking to the police and that she thought the individuals she spoke with were genuinely trying to help her to keep her funds safe. However, I think Mrs H reasonably ought to have had concerns about what she was being asked to do.

I don't find the scammer's instructions to be plausible, even to a layperson like Mrs H. She was asked to withdraw her investment (and Mr H's investment) from Bank E, despite there being no evidence to suggest that their funds were at risk.

The investments were deposited into Mrs H's Nationwide account, which she was led to believe wasn't secure as Nationwide were under investigation for fraud. I think it was unusual that Mrs H would be told to deposit a substantial amount of money into an account that was supposedly at risk and this ought to have given her cause for concern.

The funds remained in Mrs H's Nationwide account for several weeks. Again, there was nothing to suggest the funds were at risk, despite the scammers saying Nationwide was under investigation for fraud. So, when Mrs H was asked to buy numerous items of gold, I think she ought to have known that this wasn't something the police would ask her to do. I mean no disrespect to Mrs H, but I'm just not persuaded it was reasonable to think the police would ask her to take this action to protect her money.

Mrs H thinks it's unfair to hold her as a customer equally responsible for the loss, when she lacks the same knowledge and experience of scams that Nationwide has. I appreciate Mrs H's comments, and I can understand why she thinks this given she is inexperienced in scams. However, given how implausible the scam was, I'm not persuaded that it is unfair to hold her equally responsible for the loss.

I've taken into consideration that the day before the scam started, Mr H's sister passed away unexpectedly. And, at the time, Mr H was also undergoing treatment for skin cancer. I'm sure that these events will have influenced Mrs H's decision making at the time and she has argued that she was vulnerable when the scam took place. However, I'm not persuaded these circumstances mean Mrs H can't fairly be held equally responsible for her loss.

Nationwide was aware that Mr H's sister had passed away, as she'd held an account with Nationwide which Mr H discussed with Nationwide when dealing with her affairs. However, I wouldn't have reasonably expected Nationwide to have been concerned that Mr H's sister passing away made Mrs H more susceptible to scams or that it ought to have proactively placed any alerts on Mrs H's account because of this. And I've seen nothing to suggest that Nationwide was aware that Mr H was undergoing treatment for skin cancer. As a result, there were no additional measures in place on Mrs H's account which Nationwide failed to adhere to, which could've prevented the loss.

I appreciate that when the scammers initiated contact with Mrs H, her sister-in-law had just passed away and that throughout the scam, she was assisting Mr H in dealing with his sister's affairs. I've no doubt that this would've been a distressing and emotional time for Mr and Mrs H and that this contributed towards Mrs H's decision making at the time.

However, I must also keep in mind that the disputed payments took place between six and ten weeks after the scam started. So, Mrs H wasn't rushed into making the payments and I think she was given enough time to consider and appreciate the suspicious circumstances and take further action to verify what she was being asked to do, such as reaching out to the police directly. As a result, I don't think it's unfair to hold her equally responsible for the loss.

The disputed payments were made to genuine merchants, who provided the goods they were paid for. As a result, I don't think there was anything Nationwide could've done in an attempt to recover Mrs H's funds.

Mrs H's £5,000 cash withdrawal

I've also considered whether Nationwide reasonably could've prevented the £5,000 cash withdrawal, which took place in branch. It wasn't typical behaviour for Mrs H to be withdrawing cash from the account, and she was withdrawing a large amount. In the circumstances, I'd have expected Nationwide to have asked Mrs H some questions to check the withdrawal was being made for a genuine reason.

Nationwide hasn't provided any evidence to suggest what, if any, questions were asked. So, I must consider whether the available evidence shows that it was more likely than not that Mrs H would've acted differently in response to proportionate questioning.

Mrs H has explained that the cash withdrawal took place after several days of calls from the scammer and she'd been led to believe that she was speaking with genuine employees of the police. She'd been told that Nationwide was under investigation for fraud and so I think there would've been an element of distrust in Nationwide staff at the time she made the withdrawal. Mrs H had been instructed, by the scammers, not to share details of the alleged fraud investigation with anyone, including her friends and family. Finally, Mrs H was prepared with a plausible cover story, which is that she was withdrawing the funds as a gift for her grandchild for the purpose of a car purchase.

Given Mrs H, in later conversations with Nationwide, gave inaccurate answers when questioned about the disputed payments, I think it's highly unlikely that she would've revealed to Nationwide the true purpose of the cash withdrawal. As a result, I'm not persuaded Nationwide would've reasonably been able to have identified the scam and prevented the loss. So, I'm not of the opinion that Nationwide can fairly be held responsible for the loss from the £5,000 cash withdrawal.

Summary

Mrs H has been the victim of a cruel scam and suffered a life changing financial loss as a result. And I appreciate the impact of the scam goes beyond just her financial loss. However, whilst I have natural sympathy for Mrs H, I'm not persuaded Nationwide needs to do more than it has already done to resolve the situation.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 11 March 2026.

Liam Davies
Ombudsman