

The complaint

Mr H and Miss M are unhappy Nationwide Building Society won't reimburse them for the money they lost when they fell victim to a scam.

What happened

Miss M worked for a business I will call B. In 2021 she and Mr H became aware of an investment in a scheme with a company I will call 'Y', which was controlled by a Mr D. This investment was in foreign currencies, and Mr H and Miss M believed it was making very significant profits due to the volatility of international markets at that time.

Miss M was aware that B's directors, along with various other employees, had also invested in Y. So, Mr H and Miss M decided to get involved, as did some of their friends and family members. Because so many employees of B wanted to be a part of this investment a company was set up ('L') to gather those investment funds into one account, from where they were then passed on to Y.

Mr H and Miss M received funds from a friend into their joint account, and then sent that money, along with some of their own, to L, from where it was passed on to Y. In total they made three payments to L from their joint Nationwide account – for £7,500, £9,500 and £3,500. Mr H and Miss M received one credit into their joint account from Mr D, for £2,931. Miss M also invested via her sole Nationwide account, which is being considered under a separate complaint reference.

Over the next few weeks Mr H and Miss M received regular updates which appeared to show that they were making significant profits. But at the end of July 2021 they became aware that Y's accounts had been frozen, and over the following months came to realise that they had been scammed. Y was not authorised to carry out investment activity by the FCA, and the FCA has since issued a warning about Y carrying out unauthorised activities. Mr D has been arrested and investigated by police, and a preliminary trial date is currently set for February 2026.

Mr H and Miss M were initially part of a larger umbrella complaint brought by L, but given the number of payments that moved through L's account our service asked that individual investors instead raise personal complaints direct with their own banks. Nationwide considered that Mr H and Miss M's complaint was outside our jurisdiction, and that in any case it did not think it should be held responsible for the loss. It said that Mr H and Miss M had paid a legitimate business (L) which had then sent the funds on to Y, so it felt that any scam claim should be raised by L and that it was not liable for the loss. Nationwide also noted that it had provided Mr H and Miss M with a written warning regarding one of the payments made to L and that it had no reason to be concerned about the payments given how they were made and who they were sent to.

One of our Investigators looked into what had happened, and ultimately, they felt that this complaint was within our jurisdiction and that Nationwide should have stepped in to question Mr H and Miss M about the payments they made to L. They felt that, if Nationwide had done so, then the scam would have been uncovered and the loss could have been prevented.

However, the Investigator felt Mr H and Miss M should also share some responsibility for the loss here, as there were red flags that should have indicated that this investment might not be legitimate.

So, overall, the Investigator recommended that Nationwide refund 50% of the disputed payments, plus interest.

Mr H and Miss M accepted the Investigators findings, but Nationwide disagreed. It maintained that this complaint was not within our jurisdiction to consider. I used a decision on 20 November 2025 explaining why I am satisfied this complaint is one we can consider, and confirming that I would go on to consider the merits of this case. Nationwide has made no further comments since that 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.

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

Having done so I've reached the same conclusions as our Investigator, and for the same reasons.

It's not disputed that Mr H and Miss M authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr H and Miss M are responsible for those payments. That remains the case even though they were the unfortunate victims of a scam.

However, I am satisfied that, taking into account longstanding regulatory expectations and requirements, and what I consider to have been good practice at the time, Nationwide should *fairly and reasonably* have been on the look-out for the possibility of APP fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, including:

- Monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Having systems in place to look out 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 payment service providers 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.
- Have been mindful of – amongst other things – common scam scenarios, the evolving fraud landscape (including, for example, the use of multi-stage fraud by scammers) and the different risks these can present to customers, when deciding whether to intervene.

Taking the above into consideration, I need to decide whether Nationwide acted fairly and reasonably in its dealings with Mr H and Miss M, or whether it should have done more than it did.

I've looked carefully at the statements I've been provided for Mr H and Miss M's Nationwide account. In general, the account was used for relatively low value payments. There were few payments for more than £2,000, and even payments of that level were not common. So, I do consider that the first payment to L, which was a faster payment for £7,500, should have stood out as uncharacteristic to Nationwide. This was an unusually large payment, to a new payee, and was arguably out of character for Mr H and Miss M.

In my view, this combination of circumstances ought fairly and reasonably to have led Nationwide to make additional enquiries before processing the payment, to establish the circumstances in which Mr H and Miss M were making such a large payment to a new payee. I acknowledge that Nationwide has said it showed Mr H and Miss M a written warning regarding at least one of the payments made to the scam (although it is unclear if that was on a payment from Miss M's sole account or on a payment from this joint account) but I am satisfied that a written warning was not a proportionate level of intervention given the size of this payment. I consider that Nationwide should have intervened directly by contacting Mr H and Miss M.

There's obviously a balance to strike, but Nationwide ought fairly and reasonably to have satisfied itself that Mr H and Miss M hadn't fallen victim to a scam, and I'm persuaded it could've done this by asking a few open-ended questions prior to processing the payment. And I've seen nothing to suggest that Mr H and Miss M would not have been entirely honest with Nationwide about what they were doing. So, it seems likely that they would have told Nationwide that the payment was for an investment, that was being made via Miss M's employer to a third party, that they had received no formal paperwork regarding this investment themselves, and that they were expecting to receive very significant returns on the investment.

I appreciate that the fact the payment was being made to L's account first may have added some layer of legitimacy to what was happening, but I do think that the clearly excessive returns being promised, and the fact that Mr H and Miss M had no paperwork relating to such a large investment, would have rung significant alarm bells for Nationwide. Nationwide would have known how entirely unrealistic this rate of return was, and so could have prompted further investigations into Y by Mr H and Miss M, and offered advice about ensuring that an investment is legitimate (such as checking FCA authorisation).

With this in mind, I consider it likely that the scam would have been uncovered, and that Mr H and Miss M wouldn't have proceeded with the payments. I therefore think Nationwide could have prevented the losses Mr H and Miss M incurred.

I've taken account of Nationwide's comments that the loss was from L's account, and that it therefore feels L (or L's bank) should be liable for that loss. But we have determined that it is not practical for all the payments made via L's account to be considered under one complaint. And L's involvement here does not mean that Nationwide bears no responsibility for payments made from this account. I am satisfied that Nationwide could have prevented Mr H and Miss M's losses if it had acted fairly and reasonably, and it follows that I consider it fair for Nationwide to bear some liability for that loss.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Mr H and Miss M should bear some responsibility for the loss. And, while there were some sophisticated aspects to this scam, I do think it would be reasonable

to hold them partially responsible here. I say this because I am aware that the directors of B shared a memo with employees which stated that profits from investment with Y had reached 2871.4% that year and that if profits continued at that rate, then a £1,000 investment could be worth £28,000 after commission was paid. I think that any investor, whether experienced or not, would have noted that such a return on an investment was frankly too good to be true, and that this should have prompted further investigation into the legitimacy of the investment. With this in mind, I consider it reasonable for Mr H and Miss M to bear joint responsibility for the loss.

So, in summary, I consider when Mr H and Miss M made the first payment to L, Nationwide could have done more to protect them from the risk of financial harm. Had Nationwide contacted Mr H and Miss M directly and asked some open questions about what was happening, I'm persuaded it is more likely than not the scam would have come to light, and Mr H and Miss M wouldn't have lost out on the funds they went on to invest in Y. But I consider that Mr H and Miss M should also share some responsibility for the loss here.

Putting things right

To resolve this complaint Nationwide should:

- Refund 50% of the loss, minus the returns received.
- Pay 8% simple interest per annum on that amount from the date of the payment to the date of settlement.

It is for Mr H and Miss M to ensure that their friend, on whose behalf some of these funds were invested, receives their share of the redress paid.

My final decision

I uphold this complaint. Nationwide Building Society should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss M to accept or reject my decision before 5 January 2026.

Sophie Mitchell
Ombudsman