

The complaint

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

What happened

The details of this complaint are well-known to both parties. So rather than repeat them all here, I've summarised the key events.

In early 2024, Mr L was approached by someone I'll refer to as E on a messaging app. They initially spoke about wider issues, but then E invited him to trade on a cryptocurrency platform they claimed to be using. Unfortunately, this was all a scam.

Mr L sent some initial payments from his Nationwide "FlexAccount" to his existing cryptocurrency wallet in late May 2024 – in order to send funds on to the scam platform in cryptocurrency. I understand he also received a small, alleged return into his wallet. He sent further funds to the scam in mid-June 2024, again via his cryptocurrency wallet, from his FlexAccount as well as his Nationwide current account. However, he says he realised he had been scammed when he kept being asked to pay further money (for taxes etc.) when he tried to withdraw from the platform.

In October 2024, Mr L complained to Nationwide, via a professional representative, that it should refund him for the payments sent on to the scam. He said Nationwide failed to identify and warn him of the scam risk. As Nationwide disputed it was liable, he referred the matter on to our service.

While our investigator was looking into things, Mr L's representative asked to submit a revised complaint letter. They also clarified some payments to Mr L's cryptocurrency wallet between January and March 2024, which had been listed in the original complaint, shouldn't be included as they weren't part of the scam.

Our investigator concluded Nationwide should have intervened further – but it was unlikely this would have prevented Mr L from proceeding. This was primarily due to an interaction between Mr L and E where he said he'd been applying for a loan and had been told the investment was a scam by his bank – but then proceeded to make further payments. The investigator concluded it was unlikely Nationwide would have been able to dissuade him.

When delivering his outcome, the investigator also pointed out there was significant activity on Mr L's cryptocurrency account during the time of this scam – including cryptocurrency withdrawals which came to substantially more than what had been paid in from Nationwide. The investigator said it was unclear whether all the Nationwide funds were sent on to the scam – meaning even if we upheld the complaint, it wasn't clear what should fairly be awarded.

Mr L has appealed the investigator's outcome. His representative says he's being penalised for trying to satisfy himself the investment was genuine – and that intervention from Nationwide would have cast further doubt on its legitimacy.

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've decided not to uphold it. I'll explain why.

Mr L authorised the payments he is now disputing. In line with the Payment Services Regulations 2017, firms are expected to process authorised payment instructions without undue delay. That means the starting position is that Mr L is liable for these payments.

However, I'm mindful Mr L made these payments due to falling victim to a scam. In line with longstanding regulatory expectations and requirements and what I consider to be good industry practice at the time, I'd expect Nationwide to have been on the lookout for indications of fraud risks. If it failed to respond proportionately to such a risk, and doing so would have prevented Mr L from incurring a fraudulent loss, it might fairly hold some liability for this.

I'm conscious the cryptocurrency account Mr L was paying was well established; it was set up back in 2020 and he had sent prior payments. But the volume and value of the payments in mid-June 2024 looked uncharacteristic. I also understand there may have been further payment attempts blocked by the card scheme provider, reinforcing that these payments appeared risky.

Additionally, Nationwide did speak to Mr L around the time of the mid-June payments – about an error it made with funds he had deposited to send on to the scam. While the focus of the conversation was on rectifying Nationwide's deposit error, this did present an opportunity to ask more widely about what Mr L was doing.

Overall, I do think there came a point at which Nationwide arguably ought to have completed further checks to assess, and warn Mr L, of the potential scam risk. But on balance, I'm not persuaded that proportionate intervention would have dissuaded Mr L from proceeding.

Prior to the June payments, Mr L told E he was applying for loans and started asking them for further details about the nature of their work. He also said his bank had questioned his relationship with E, as well as the investment – ultimately saying it had told him it was a scam.

Mr L's representative says he didn't actually apply for any loans. It initially said these messages were prompted by a conversation he had with Nationwide. Then, later, it said no conversation with a bank or building society had occurred – and that Mr L was instead attempting to obtain further information from E due to becoming suspicious.

It's hard to reconcile this most recent explanation with the nature of the messages. Mr L told E he would be applying for loans prior to mentioning the alleged bank concerns. He also mentioned specific details about the applications such as what identity documents he was being asked for. It's also not clear to me why Mr L's explanation about this changed.

As our investigator pointed out, a wider issue is that there have been several disputes and discrepancies in what we have been told by Mr L/his representatives – such as the issues with the original complaint letter and the (later) amendment to the payments reported as part of the scam. In my view, this makes it harder to place as much weight on their arguments for why further intervention from Nationwide would have uncovered the scam – due to the level of uncertainty around what transpired.

Given this, I can't discount that Mr L received some form of scam warning from a financial firm. His representative argues the nature of the scam subsequently changed as Mr L was asked to pay taxes to release his funds, making the prior warning about the investment being a scam irrelevant. But if he had been told the investment was a scam, I think the same concerns raised would reasonably apply if being told to pay to access that investment.

Furthermore, even going by Mr L's most recent explanation, it's clear he had concerns about E and the alleged investment. But without obtaining substantive answers to his questions, or getting much further detail about the investment scheme or E's role, he was persuaded to send further significant sums on to the scam.

Mr L told E his bank thought the investment was "...all a scam". But soon after, he said he didn't want to do anything to affect their friendship, seemingly dismissing these concerns. Around this time, E also told him banks are strict about cryptocurrency investments and that he shouldn't divulge that was why he wanted the loans. And when he made further payments, she advised him on how to put these through. This supports the (revised) complaint letter which explained the scammer coached Mr L on what to say if payments were stopped, "...ensuring that the further transactions went through without any issues".

Mr L's representative argues he is being penalised for taking steps to question the scammer. But as above, my role here is to determine what is more likely to have happened if Nationwide had intervened further. Mr L's interaction with E, and what he has told us about being coached, is relevant to this. It's clear from the messages that the scammer was employing social engineering tactics and had built up substantial trust with him.

In that context, it appears likely Mr L would have sought guidance from E if questioned about further payments, and that they would have guided him to conceal the full extent of what he was doing – hampering Nationwide's ability to identify, and warn him, of the true scam risk. In any event, if Nationwide had issued a warning to him about cryptocurrency investment scams more generally, I'm not convinced this would have held more weight with him than his ongoing interactions with E.

I appreciate this will be disappointing for Mr L, who has clearly lost out substantially due to this scam. However, I've decided not to uphold this complaint. On balance, I'm not persuaded any failings by Nationwide caused or contributed to his loss. While not material given the outcome I've reached, I also agree with the investigator that the information provided about the funds sent on to the scam aren't particularly clear – to know what level of loss Nationwide might have been able to prevent, in the event I had upheld the complaint.

My final decision

For the reasons given above, 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 L to accept or reject my decision before 13 March 2026.

Rachel Loughlin
Ombudsman