

The complaint

Mr S is complaining about Nationwide Building Society because it declined to refund money he lost after a building company he paid for work failed to complete it.

What happened

Mr S arranged a contract with Company A for home improvements. He paid a deposit of £5,700 using his Nationwide credit card on 11 March 2025. The payment actually went to a different company, Company B, via a third-party payment processor. Despite him making further payments from other accounts, I understand the project wasn't completed and that the work that was done wasn't of a satisfactory standard.

Our investigator didn't recommend the complaint be upheld. She didn't believe Nationwide was required to reimburse Mr S. She also didn't think Nationwide should have identified the payment as potentially fraudulent or provided any such warnings.

Mr S didn't accept the investigator's assessment. In summary, he maintains that he should be reimbursed, principally on the basis that he didn't authorise the payment because he didn't know the money wasn't going straight to Company A.

The complaint has now been referred to me for review.

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 reached the same overall conclusions as the investigator. Mr S has made extensive submissions in support of his complaint and I've read these carefully. But I haven't necessarily commented on every single point raised and concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

I appreciate Mr S doesn't consider that he authorised this payment as he believed he was paying Company A and that he had no knowledge it was actually going to Company B. But in the context of this complaint, *'authorised'* essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went. I'm therefore satisfied this was an authorised payment.

Mr S isn't due any refund under the industry's reimbursement scheme for authorised push payment (APP) fraud as this payment was made by card rather than bank transfer. In some circumstances, credit card payments can be recovered via either a chargeback or Section 75 claim. But these routes aren't guaranteed to result in a refund. I'd only have expected Nationwide to pursue a claim if it was likely to be successful and it doesn't appear that would

have been the case here. The payment went via a third-party processor and it provided the service it was engaged for, that of routing a payment from Mr S to Company B. His disagreement is with either Company A or Company B, not the payment processor, and it wouldn't have been possible for Nationwide to process a claim against either of those companies as he didn't pay them directly.

For the sake of completeness, I've also considered whether Nationwide was correct to process the payment in the first place. In broad terms, the starting position at law is that it's expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Having considered what it knew at the time, I'm not persuaded Nationwide ought to have been concerned about this payment. It would have appeared that Mr S was paying a legitimate company and, while significant, the amount wasn't so high that it should have stood out as particularly unusual or suspicious. As a result, I can't reasonably say it was at fault for processing the payment in line with his instructions.

But even if Nationwide had identified the payment may be associated with some kind of fraud, it appears Mr S believed he had a legitimate agreement with Company A and I don't think it's likely that him being shown a written warning about purchase fraud would have stopped him from wanting to go ahead.

I want to be clear that it's not my intention to suggest Mr S is to blame for what happened in any way. I fully understand why he acted in the way he did and I'm sorry he lost this money. But my role is to consider the actions of Nationwide and, having done so, I'm not persuaded these were the cause of his losses or that it's responsible for reimbursing him.

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 S to accept or reject my decision before 12 May 2026.

James Biles
Ombudsman