

The complaint

Mr D complains that Nationwide Building Society hasn't reimbursed him for money he lost when he paid for airline tickets which turned out to be a scam.

What happened

Mr D holds an account with Nationwide Building Society. In April 2022, Mr D's father found a website apparently offering discounted airline tickets.

They were looking to purchase three adult return flights to Goa. Mr D's father was told a discount of over £1,000 would apply but only if payment was made within the next few hours. That would reduce the total cost from £2,526 to £1,494.

Mr D sent the money by Faster Payments transfer from his Nationwide account.

He received what appeared to be flight confirmations for the three tickets. But when Mr D's father and those travelling turned up at the airport the airline said no such booking had been made and the tickets were fake.

Mr D reported the matter to Nationwide as a scam. Nationwide looked into the matter as an Authorised Push Payment scam (APP scam). It is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). The CRM Code can provide additional protection for customers who have been the victims of APP scams in some circumstances.

But Nationwide declined to reimburse Mr D. It said he hadn't carried out sufficient checks before making the payment. Nationwide hadn't been at fault in allowing the payment to be made. Nationwide wasn't required to reimburse him under the CRM Code.

Mr D didn't accept this outcome. Our Investigator reviewed everything afresh. The Investigator thought there had been signs to suggest that the deal being offered by the seller wasn't legitimate. The discount being offered was significant and the timescale being given was extremely short. And the payment had been made to an account in a person's name rather than an account held by the business Mr D and his father believed they were dealing with. When Mr D had tried to pay using the company name, he'd received a warning from Nationwide that the account name didn't match.

The Investigator thought Mr D should have had concerns that what he was being offered wasn't legitimate. He didn't think Nationwide was responsible for the loss or required to reimburse Mr D.

Mr D didn't agree, so I have been asked to make a final decision on his complaint.

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 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 be good industry practice at the time.

Mr D has been the victim of a criminal scam here. I don't underestimate the impact that has had on him and his family. But I have to recognise that the principal cause of his losses here was the scammer who deceived him. I can't hold Nationwide responsible unless I find it was at fault in some way or is otherwise liable for the resultant financial loss.

And I must take into account that Nationwide has a primary contractual obligation to carry out the payment instructions its customers give it, and to do so without delay. As a consequence, the starting position is that a customer is assumed liable for a Faster Payments transfer that they have told their bank or building society to make.

The additional protections that can be available when payments are made by credit or debit card simply don't apply to payment transfers. However, as I've mentioned above, the CRM Code can provide some additional protection for the victims of APP scams.

I'm satisfied that the payment made by Mr D falls within the scope of the CRM Code. But despite offering additional protections, the CRM Code includes provisions allowing a firm not to reimburse APP scam losses in some situations. Relevant here, this includes where the customer made a payment without a reasonable basis for believing that the person the customer was dealing with was legitimate, selling genuine goods, or that the payee was the person the customer was expecting to pay.

Nationwide reviewed Mr D's claim against the CRM Code and thought this exception to reimbursement applied. It didn't think it was required to bear the cost of the loss Mr D had incurred.

I've therefore considered whether it is fair for Nationwide to apply this exception to reimbursement. In other words, whether Mr D made the payment without having a reasonable basis for believing that he was paying a legitimate seller for genuine airline tickets. In determining this, I have carefully considered everything Mr D has submitted as well as the evidence submitted by Nationwide.

Firstly, I consider the price was low enough to have meant Mr D (or his father) should have taken extra care to ensure it was genuine. While Mr D has provided evidence of tickets available at similar prices for other airlines, the examples he has provided aren't necessarily like for like comparisons. More importantly, the deal being offered by the seller was a substantial discount available to him only if he paid by Faster Payments transfer that same day and within a matter of hours.

I don't doubt the size of the discount being offered would have appeared enticing - considering the reduction in represented compared to the non-discounted price. But a very low price, or a large, short-term discount can be an indicator that there might be something untoward about the seller or the proposed deal. At the very least, I think this should have been a sign of higher than usual risk and that this should have prompted Mr D to take extra care before deciding whether or not to go ahead.

Yet, besides the low price, I find there were other factors here that should have raised additional concerns about the legitimacy of the seller.

I've considered the information Mr D received from the seller before making the payment. The email doesn't appear particularly professional – it is poorly worded and formatted. Mr D

says he checked the company details against the records on Companies House, but I can see that the address given for the seller on their email and invoice doesn't match what's shown on those records.

The seller asked for payment by bank transfer to a personal account, not a business account. That was said to be the manager's own personal bank account. But I don't think that explanation should have reassured Mr D that the money was actually being sent to the company he believed it was, let alone that this was a genuine business he was dealing with. Nationwide's records show he tried to pay using the company name, which generated a warning that the payee's name didn't match.

Based on what Nationwide itself could reasonably have known at the time, this payment wasn't one which would have particularly stood out as being at risk of being connected to a fraud or scam. Mr D didn't contact Nationwide directly prior to the payment or show it the email correspondence he'd received, so it couldn't have identified the factors I've noted above.

With this in mind, I don't think there was a requirement to give an 'Effective Warning' under the terms of the CRM Code. And I don't think Nationwide needed to take specific steps at the time, such as intervening directly before it would release Mr D's payment.

Nevertheless, Nationwide says it did provide a scam warning to Mr D at the time. It says it first asked Mr D what the purpose of the payment was, and then provided him with a relevant warning about scams, which included the following wording:

"If you pay a scammer, you're unlikely to get your money back [...] Have you double-checked the account details are for a genuine, trustworthy company? [...] Take time to look into the company [...] You might not be in contact with who you think you are. Scammers create fake letters and lookalike websites".

I accept it is possible Mr D may have overlooked this warning and as he has not commented on having seen it at the time, I also accept it is also possible it was not shown to him at all.

But either way, this was a large payment to be making and Mr D was placing a lot of trust in the seller based on limited information - despite the presence of factors that I consider ought to have caused concern about that seller's legitimacy.

All considered, I think making a large transfer in that situation was a significant risk to have taken, and I think Mr D reasonably would have known that. With this in mind, the advice to double-check both the payee and that the company was genuine and trustworthy were additional steps I think Mr D would have realised were prudent regardless of having seen Nationwide's scam warning or not.

I appreciate Mr D had been told that the payment needed to be made within a few hours. So, he may have had no time to carry out any additional checks into the seller or payee beyond looking for a company of the same name listed on Companies House (which of course could give no reassurance this was who he was paying given the payee's name wasn't that company).

But thinking about this apparent urgency and the other factors I've highlighted (together with Mr D's assertion that he could have obtained flights elsewhere for a similar price and that the flights weren't imminent) I think he should reasonably have walked away from this deal and purchased flights elsewhere rather than take a considerable risk with this seller.

In terms of the CRM Code, where a customer made a payment without having a reasonable

basis for believing they were paying for legitimate goods from a legitimate seller, or that they were paying the person they believed they were, then their bank or building society does not need to refund them for their loss even when this was due to a scam. I think Nationwide is entitled to rely on that here – I think it has done enough to establish that Mr D didn't have a reasonable basis for believing this was legitimate.

When Nationwide was made aware of what had happened it acted appropriately and tried to recover the funds, although nothing remained to retrieve.

In short, I don't find Nationwide is to blame for Mr D's losses. I don't find it is liable to refund him under the terms of the CRM Code either.

I appreciate that he's lost a significant amount because of what happened. But I can only look at whether Nationwide was somehow at fault or is otherwise liable to refund him under the CRM Code. I have no power to consider the actions of the criminal scammers who were ultimately responsible for Mr D's loss. And I don't find Nationwide is required to refund him under the CRM Code, nor that it was at fault in making the payment Mr D had instructed it to make or for any other reason.

My final decision

For the reasons given above, I do not uphold Mr D's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 January 2024.

Stephen Dickie
Ombudsman