

The complaint

Mr G complains that Nationwide Building Society (“Nationwide”) has failed to refund over £300,000 he says he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision. But in summary, Mr G sent £300,000 via a number of debit card payments, over a number of months, to a company that I will call B. Mr G lost this money trading on this platform.

Mr G raised a complaint with Nationwide as he believed that it should have stopped these payments. He therefore requested that Nationwide refund him. Nationwide declined to do this.

One of our investigators looked into this matter and they did not think that Nationwide had done anything wrong. Mr G disagreed and therefore his complaint has been passed to me to issue a 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons:

The relevant regulations and industry guidance makes it clear that banks have a duty to protect consumers from the risk of financial harm, including fraud and scams. But the obligation to warn customers of the risk of such financial harm will only reasonably have been engaged if there were sufficient grounds for suspecting the payee was a fraudster; meaning that Nationwide could have delayed the payment(s) while concerns about the payee were discussed with Mr G.

Firstly I should explain that I do not think the payments on their own were sufficiently out of character compared to Mr G’s usual payment history for them to have prompted intervention from Nationwide. I say this because Mr G frequently made large payments to a variety of trading websites.

But even had Nationwide needed to have intervened, and I don’t think it did, I would need to be satisfied that there were concerns that B was operating a scam when Mr G made the payments to it. I’ve consulted the official organisations that publish warnings about merchants that operate in the UK and abroad, including the Investor Alerts Portal of the International Organization of Securities Commissions (“IOSCO”), as well as the FCA’s own warning list. These watchlists, along with other reputable sources, lead me to believe that there were no warnings about B at the time Mr G made his payment.

At the time Mr G made his payments, B was a trading name of a company which was and remains a legitimate trading company that is authorised by the Financial Conduct Authority. So, Nationwide at the time would only have known that Mr G's money went to a business that was operating legitimately at the time.

Overall I'm not persuaded that there was any reason for Nationwide to have been aware that B was fraudulent or operating a scam at the time of the payments. As a result, Nationwide's duty to intervene wasn't triggered. Therefore, I don't consider the bank acted unfairly by preventing or failing to intervene in the payments being made.

Mr G's representative has raised a number of reasons as to why B was not operating correctly. These include that B was providing leverage in excess of the amounts that it should've provided. It says that B misled Mr G in relation to where his funds would go to and that the name of the company the payments were made to differed from the name of the company.

In relation to the majority of these points, I wouldn't have expected Nationwide to have known this, or to have prevented a payment being made to the B as a result, given it was going to a legitimate company. So, I don't consider there to be any basis in which Nationwide can fairly or reasonably be held liable for his loss on this basis either.

In relation to the different names appearing on his bank statements, this is a common thing. The name of the company paid can often differ slightly from its trading name.

I note Mr G's comments that he thought that he was paying a UK company but the funds were being sent to a company registered in the Bahamas. But again, I don't think Nationwide should have known this or intervened to discuss the payments due to them not being out of character and being made to what appears to be a legitimate company.

I've also thought about whether Nationwide ought to have done anything to recover the funds after Mr G reported his loss. As the payments were made by debit card, there are some instances where the funds could have been recovered by chargeback. But in this instance, Mr G received what he paid for, so I don't think it likely that any chargeback claim would have been successful anyway.

Nationwide also wouldn't have been under any obligation to consider refunding the payment under the Contingent Reimbursement Model (CRM) Code either. This is because the payments were made by debit card.

I appreciate this will likely come as a disappointment to Mr G, and I'm sorry to hear he has lost a significant amount of money. However, in the circumstances, I do not consider it would be fair and reasonable to hold Nationwide liable for his loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 January 2024.

Charlie Newton
Ombudsman