

The complaint and what happened

Mr L complains that Nationwide Building Society has only partially reimbursed him for losses he incurred when he fell victim to two investment scams.

The background and what happened is well known to the parties, so I will only set out the key points here and focus on giving reasons for my decision:

- Mr L was contacted by a 'broker' after seeing an advert and following a link for investing on social media at the end of 2019. He started investing in April 2020, through to August 2020, having been promised huge returns. Mr L 'invested' over £18,000. He realised he'd been scammed when his investment was valued at over £100,000 but he wasn't able to make any withdrawals.
- Again after following another link on social media, Mr L was contacted by an adviser with a crypto-currency investment opportunity. Between December 2020 and April 2021, he 'invested' over £11,000. Mr L realised he'd been scammed when the crypto-currency platform closed his account, and his investment had disappeared.
- Mr L complained via his representative in July 2022 about both scams. Nationwide upheld his complaint in part. It agreed that it ought to have intervened in the first scam as the payments were unusual for the account. But it said Mr L didn't do sufficient due diligence and so it thought he was also equally responsible for that loss. It therefore refunded 50% of the loss being just over £9,000. It didn't uphold Mr L's complaint in relation to the second scam as it didn't think it was the point of loss.
- Our investigator was satisfied Nationwide had already fairly resolved this complaint. He found Mr L was equally liable for the losses incurred during the first scam and he didn't think any of the transactions that took place during the second scam, ought to have looked suspicious to Nationwide.
- Mr L's representative has asked for a final decision citing another decision made by this service. It doesn't consider it fair Mr L ought to be held equally liable for his initial losses. And it considers the payments made as part of the second scam ought to have looked suspicious as they went to crypto-currency.

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 have reached the same overall conclusions as the investigator for broadly the same reasons, as set out below:

- There is no dispute Mr L has been scammed. Both 'brokers' he was investing through had warnings posted by the Financial Conduct Authority (FCA) as well as numerous forum comments of customers losing money in similar circumstances to Mr L.
- Nationwide accepts it ought to have intervened in the payments made to the first scam and has already reimbursed Mr L with 50% of his losses. So the only thing for me to consider in relation to this scam, is whether it has done enough to put that right.

- I accept Mr L was in contact with the scammer for several months. And at the time of his initial contact, there wasn't a warning about them. However, Mr L didn't make any payments as a result of the scam until 10 April. The day before, the FCA posted a warning that the broker was acting without authorisation. Had Mr L done a simple internet search just using the broker's name, that warning would have been apparent. I accept at the time of the first payment, Mr L could have missed such a warning. But Mr L then substantially increased the amount he was investing a few weeks later, such that doing research and his own due diligence is reasonable, particularly given the sums he was investing. There were also negative reviews posted in March 2020, highlighting the investment was a scam.
- Given the promises of 'huge returns' and the size of Mr L's investment, I agree with the investigator that Nationwide wasn't acting unfairly when holding him equally liable for his losses. Nationwide ought to have intervened, and Mr L ought to have carried out due diligence, both of which could have prevented the losses.
- I turn now to the second scam. Mr L's representative has relied on a decision issued some time ago in support of its argument that Nationwide ought to have intervened in all of the payments given they were to crypto currency, even where those payments were small. Our decisions don't set a precedent, but in any event the decision referred to doesn't support its argument that all payments to crypto currency ought to be treated as high-risk or suspicious.
- The highest transaction Mr L made as a result of the second scam was £2,000. That's far lower than some of the transactions made during the first scam (which Nationwide wasn't aware of at the time). None of the transaction disputed strike me as suspicious such that I think Nationwide ought to have intervened. I'm mindful that during this time, Mr L was making other crypto-currency purchases from the same account that haven't been disputed for not dissimilar sums. Overall, the payments were spaced apart, similar in nature to other undisputed transactions on the account and weren't of such a high value that I consider Nationwide ought to have been on alert that their customer might be coming to financial harm. I appreciate that buying crypto currency can sometimes be the hallmark of a scam. But it is also a legitimate enterprise. It's not reasonable or even possible to expect a financial institution to intervene in *all* payments to a crypto currency platform.
- Overall, I'm not persuaded that Nationwide ought to have intervened in any of the payments made as a result of the second scam. I appreciate Mr L has lost money to more than one cruel scam. But having considered the matter very carefully, I'm satisfied Nationwide has already fairly compensated Mr L and so I won't be asking it to do anymore.

My final decision

For the reasons given, my final decision is that I don't 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 2 October 2023.

Claire Hopkins
Ombudsman