

The complaint

Mr T complains that Nationwide Building Society ("Nationwide") have failed to refund the money he lost as part of an investment 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.

In summary though Mr T found an advert for a trading platform that I will call B. Mr T made a number of transfers to an account he held with a different provider totalling over £160,000. My understanding is that the funds were then sent to a Crypto exchange and then sent on to B.

Mr T asked Nationwide to refund these payments as he believes Nationwide should have done more to prevent him from being scammed. Nationwide did not agree with this.

One of investigators looked into this matter and she thought that Nationwide had provided sufficient warnings about the payments and therefore Nationwide did not have to offer a refund. Mr T did not agree with this 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.

It isn't in dispute that Mr T authorised the disputed payments he made from his Nationwide account. The payments were requested by him using his legitimate security credentials provided by Nationwide, and the starting position is that Nationwide ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Nationwide should have done more to prevent Mr T from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

It's common ground that the payments that Mr T made on 13 and 14 May 2022 were unusual given that they did trigger the Nationwide's fraud prevention systems and were automatically blocked pending further enquiry. Accordingly, it's just a question of whether Nationwide went far enough in all the circumstances with the intervention it carried out.

After the payment were flagged as unusual, Nationwide says it asked Mr T to confirm the payment was genuine. I have listened to the calls that were made. Amongst other things Mr T said the following;

- The transfers were to his own account with the intention of buying a Mercedes for his Father.
- The reason he was making multiple low level transactions was to avoid the payments being blocked as he wanted to purchase the car
- The car was going to be purchased directly from a dealership not a personal sale

Mr T was then given a general warning about the dangers of purchasing a car online by Nationwide. So, I am satisfied that Mr T was asked proportionately probing questions and was given sufficient warning about the risks involved in a car purchase; I don't think Nationwide could really have asked anything further given the answers Mr T gave.

Had Mr T mentioned the real reason for the payments then I would have expected Nationwide to make further enquires during this call but he did not. Ultimately, Nationwide asked probing questions and Mr T's answered these questions with sufficient persuasiveness for Nationwide to let the payments go through.

I have considered whether Nationwide should have intervened further when additional transactions were made. I think that this probably should have been the case. That said though given the answers that Mr T provided when Nationwide did intervene, I don't think that any further intervention would likely have altered Mr T's decision to carry out the transactions. He seemed completely convinced at the time that what he was doing was genuine.

Also due to the coaching that Mr T was given he was giving persuasive answers to questions asked. So, I don't think any further intervention from Nationwide would have made a material difference to whether these payments would have went ahead.

I've also thought about whether Nationwide could have done more to recover the funds after Mr T reported the fraud, as in some circumstances the money can be recovered via Nationwide raising an indemnity with the receiving bank. However, in these circumstances, Mr T transferred money to his own account which were then sent to a crypto exchange before it appears that the funds were subsequently transferred on to the scammer. As a result, no funds would have remained in the receiving bank for Nationwide to recover, so I don't think there was anything further Nationwide could have done to recover the funds.

Nationwide are also under no obligation to refund the money to Mr T under the Contingent Reimbursement Model (CRM) Code either, as the Code does not apply to transfers which the payer has effectively made to themselves.

I appreciate this will likely come as a disappointment to Mr T, and I'm sorry to hear he have been the victim of a cruel scam. However, I'm not persuaded that Nationwide can fairly or reasonably be held liable for his loss in these circumstances.

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 T to accept or reject my decision before 3 January 2024.

Charlie Newton
Ombudsman