

The complaint

Mrs L complains that Nationwide Building Society (“Nationwide”) hasn’t protected her from losing money to fraud.

What happened

Mrs L has explained that in July 2022 she authorised approximately 13 payments to what she thought was an online casino, but that her payments instead went to foreign websites, and further payments were taken without her authorisation, leading to a loss of approximately £6,000. She says she got in touch with Nationwide at the time, when some of the payments were still pending and she asked it to cancel them, but it didn’t. Mrs L is also unhappy Nationwide didn’t block the payments before they were sent given how unusual they were.

Mrs L and Nationwide ultimately didn’t reach agreement, so Mrs L referred her complaint about Nationwide to us. As our Investigator couldn’t resolve things, the case has been passed to me for a decision.

I sent Mrs L and Nationwide my provisional decision in October explaining why I was minded to uphold the complaint *in part*. I subsequently emailed Mrs L and Nationwide in December explaining why the responses to my provisional decision persuaded me that the complaint *shouldn’t* be upheld, and so I wasn’t minded to uphold the complaint (in part) after all. Mrs L and Nationwide have had fair opportunity to comment further, so I’m now ready to explain my final 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’ve decided to not uphold this complaint. I appreciate Mrs L will be disappointed, so let me explain why.

Did Mrs L authorise the payments?

The transactions in question total 65 and appear on Mrs L’s Nationwide account statement between 6 and 8 July 2022, and a list of these has been provided to the parties separately, prior to this decision.

Generally, for each payment, unless Mrs L authorised it, Nationwide has no authority to debit her account. So, I’ve considered whether Mrs L authorised each of the 65 transactions or not. In situations where I can’t be sure about something, I need to make up my mind based on the balance of probabilities – in other words, based on what I think is more likely than not, bearing in mind the available information.

First, I’ve considered the 30 payments made to what appears to be a betting merchant (I’ll call B) totalling £2,856.95 (excluding payment fees). I understand these to be the primary

transactions considered by Nationwide as part of Mrs L's complaint. Mrs L has said she authorised approximately 13 payments which she understood were going to an online casino but she hadn't heard of B. There aren't any payments on Mrs L's statements to the online casino Mrs L has said she thought she was dealing with, and I think it's most likely the payments Mrs L says she authorised were to this merchant B.

Nationwide has provided technical evidence including a screenshot of ten of these 30 payments to B, from which I'm satisfied that the ten transactions covered by the screenshot were most likely authorised by Mrs L. It is disappointing Nationwide has been unable to provide information like this for all 30 transactions to B. However, I understand Nationwide would most likely have reviewed this when Mrs L made her complaint. And overall, taking everything into account, I think it's more likely than not that Mrs L authorised these payments.

I also haven't found Mrs L's two payments for crypto and three payments to zetcard to be most likely unauthorised. Mrs L has not previously expressly mentioned these payments. And I haven't seen enough information to persuade me these were not linked to Mrs L's own activity, or that they were linked to unauthorised activity on her account.

This leaves 30 remaining transactions to three merchants (C, K, and M) appearing to be based in Azerbaijan. These 30 transactions total £3,715.16 (including payment fees). Following my provisional decision Nationwide provided some further technical evidence that has changed my mind about these. In my provisional decision in October, I said I was minded to conclude these 30 transactions to C, K, and M most likely *weren't* authorised by Mrs L. I explained my reasons. However, as I more recently explained to the parties by email in December, I'm now satisfied from further technical evidence provided by Nationwide that:

- The very first of these payments to C, K, and M flagged on Nationwide's fraud detection system. It was the type of block whereby Nationwide sought confirmation the transaction was genuinely being made by Mrs L. I think this is reasonable. And I'm satisfied from the technical evidence I've seen that Mrs L then, through her online banking, approved the transaction using her online banking passcode.
- I understand that all the following 30 transactions to C, K, and M were then made using Mrs L's card's long number, expiry date and CVV. This, along with the above, doesn't automatically mean Mrs L *must* have authorised them. Equally, although Nationwide has said that if a fraudster truly was using Mrs L's card details, then we might expect more attempts to use the card, I'm not convinced this is a great argument considering just how many transactions *did* take place.
- However, the 30 transactions to C, K, and M were instructed on 4 and 5 July 2022, which is before the other ones. I can see from the technical evidence that there were multiple logins to Mrs L's online banking during the period these transactions were being made such that I would have expected Mrs L to have queried these sooner than 7 July 2022 if she really didn't recognise them. Instead, Mrs L's contact with Nationwide appears to have been made more in relation to the transactions to B. So, in the absence of persuasive evidence that Mrs L *didn't* authorise these transactions to C, K, and M, I'm satisfied that she most likely *did* authorise them – because otherwise she most likely wouldn't have used her passcode to unblock her card after the first attempted transaction (which as I've said flagged on Nationwide's fraud detection system). Also, I think it's most likely, if Mrs L didn't recognise them, that she would have reported them sooner – on 4 and 5 July 2022 when she most likely would have seen them on her account given the online banking logins during that time I've seen evidence of.

Should Nationwide have been able to prevent or recover the payments Mrs L authorised?

Given my conclusions that the payments were authorised, I've thought about Mrs L's other points in relation to them. I note, for example, that Mrs L has suggested her payments were so unusual that Nationwide ought to have blocked her card and prevented the payments. Given the previous activity on Mrs L's account, however, I'm not persuaded I'd reasonably expect Nationwide to have thought the activity was so unusual for Mrs L's account that it warranted further action. In any event, I've not seen evidence to persuade me the payments were made as a result of fraud or a scam. And I think, as I've said, that Mrs L most likely authorised these transactions. So, I think even if Nationwide had done more than it did, it's unlikely to have made a difference – I think it's most likely Mrs L would still have made these payments anyway. So, I'm not persuaded Nationwide unreasonably missed an opportunity to prevent Mrs L's payments before they were sent.

After these debit card payments were made (and even if they were showing as pending), the only potential avenue for recovering them would have been through the chargeback scheme. But the rules for recovering payments through the chargeback scheme are quite specific and strict. Having concluded Mrs L most likely authorised the payments, and having not seen other information to persuade me otherwise, I'm not persuaded such chargeback claims would have succeeded, so I don't think Nationwide could reasonably have recovered these particular payments.

I've thought really carefully about everything Mrs L has said, including her most recent comments, and I know she'll be disappointed. But in the circumstances I've described, I can't fairly say Nationwide did anything wrong, which means I'm not persuaded this complaint should be upheld.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 6 February 2024.

Neil Bridge
Ombudsman