

The complaint

Mr B is unhappy that Nationwide Building Society (“Nationwide”) won’t refund money he lost after falling victim to a scam.

What happened

In summary: In 2021, Mr B was befriended by an individual I’ll refer to as F. Mr B says that contact with F started on a social media website but moved to a messaging app. Prior to F making contact, a genuine friend of Mr B’s had been telling him about cryptocurrency and the money he made from trading in it. After having messaged extensively with F for a short period of time, F started talking to Mr B about cryptocurrency trading. As a result, Mr B made 10 payments from an account he held with another bank, before making one payment from his Nationwide account for £5,000 on 4 March 2021. Mr B thought he was trading in cryptocurrency but had actually fallen victim to a very sophisticated scam.

Mr B initially reported the fraud to Nationwide in March 2021, however he initially told Nationwide that he hadn’t made the transaction of £5,000. He said that he’d left his security credentials on a desk in his home beside his computer and that his house had been broken into.

Nationwide declined to refund Mr B, based on the details he gave them. Nationwide weren’t persuaded that someone had made the transactions without Mr B’s knowledge for several reasons. Mr B later contacted Nationwide and let them know that he had made the payment but had done so after falling victim to a scam.

Nationwide reconsidered Mr B’s fraud claim based on the new information but declined to refund Mr B, saying that he hadn’t done sufficient research to check that it was a legitimate investment. They contacted the recipient of the funds which was a cryptocurrency wallet provider to try and recover the funds and get details about the account held with them. The wallet provider responded and told Nationwide that the cryptocurrency wallet was an account held in Mr B’s name and that “KYC – knowing your customer” documentation had been obtained prior to them opening the account. They advised that no funds remained in the account.

Mr B wasn’t happy with Nationwide’s response, so he brought a complaint to our service.

An investigator looked into Mr B’s complaint and partially upheld it. She felt the transaction of £5,000 was sufficiently unusual and out of character that Nationwide should’ve intervened and contacted Mr B prior to processing the payment. She felt a conversation with Mr B would’ve uncovered the scam. However, she also thought Mr B had failed to do reasonable checks to make sure that the investment opportunity he was investing in was legitimate. On that basis, she recommended that Nationwide refund 50% of the payment.

Mr B disagreed with the investigator’s opinion, saying that he only made the payment of £5,000 after another bank had reassured him that the trading app he was using to invest was legitimate – therefore he should be refunded in full.

As the case couldn't be resolved, it was passed to me to review.

My provisional decision

On 2 March 2023, I issued my provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I realise that I haven't included a lot of detail in my explanation about how the scam unfolded, whereas Mr B has provided significant information and detail about the scam in his submission. However, in this case, I'm not satisfied that it is pertinent to the decision I have reached, and I'll explain why.

I appreciate that this may be disappointing and confusing for Mr B, but I'm not satisfied that I can fairly recommend that Nationwide refund him – as I'm not satisfied that he has suffered a financial loss as the result of the scam. I say this because the payment that Mr B made as part of the scam, was funded by money transferred into his Nationwide account by a party I'll refer to as D.

From what I've seen the first payments made to the scammer were sent from D's account. However, after D's bank blocked her account, D and Mr B wanted to continue sending payments so they transferred the money from D's account to Mr B's account at another bank before he forwarded the funds on to the cryptocurrency wallets and ultimately to the scammers. When Mr B reached the daily limit on that other account and couldn't make any further payments to the scammer on 4 March 2021, Mr B transferred funds to his Nationwide account so he could make the last payment of £5,000.

Also, I have notes from Mr B's account with the other bank detailing a discussion with Mr B which say "Cx states that he will be investing approx. 20k on behalf of D".

This means that the funds lost as part of the scam are D's not Mr B's, and that Mr B hasn't suffered a financial loss in relation to his Nationwide account. And, on the basis that he hasn't suffered a loss, I couldn't fairly ask Nationwide to refund any of the £5,000 payment he made even if I upheld his complaint - as he's not entitled to it. Any loss needs to be assessed in relation to D's accounts, which are being handled separately under a complaint in her name.

My provisional decision was that I didn't intend to uphold Mr B's complaint.

Responses to my provisional decision

Nationwide responded accepting my provisional decision and saying they had nothing further to add. Mr B provided a very detailed response.

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.

I've read Mr B's full response to my provisional decision, however none of the points he's raised are directly in response to my finding that he hasn't suffered a financial loss due to the payments made as part of the scam being funded by D.

Because of this, I see no reason to depart from the decision I reached in my provisional decision and therefore don't uphold this complaint.

My final decision

My final decision is that I don't uphold this case against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 November 2023.

Lisa Lowe
Ombudsman