

The complaint

Mr C complains Nationwide Building Society didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr C has several accounts with Nationwide and has been a customer of theirs since 2013.

Mr C says he received a friend request on a social media platform that he normally only ever uses for news updates and details of newly released products. He says this was the first time he'd received a friend request on the platform and that he accepted it. He says he started chatting to the person who'd sent him the request about what they were getting up to, the food they ate and the places they were going to and after about a week the person shared how they made money trading cryptocurrency. He says they then shared with him an opportunity to invest in a new coin before it was launched – he says he was told he could make really good returns. In fact, Mr C was speaking to a scammer who by then had built his trust.

Between 25 March 2023 and 15 April 2023 Mr C sent over £17,000 towards the scam from his Nationwide account – initially to increase the level of his investment and later on to pay fees he was told he had to pay in order to make a withdrawal / unfreeze his account. He took out a £5,000 Nationwide loan in order to make the final payment he made. He says he realised he'd been scammed when his account kept on getting frozen and he kept on getting asked to pay more fees. He went to a branch of Nationwide to say he'd been scammed.

Nationwide looked into Mr C's claim and initially said his claim had been closed as there was nothing it could do. Following the involvement of a representative, Nationwide changed its mind and said it would refund 50% of the final payment Mr C made. Nationwide agreed that shouldn't have happened as the payment had been funded from a loan Mr C had taken out to "consolidate debt" and not to make an "investment" which was how he'd described the final payment. The loan in question was a Nationwide loan, so Nationwide knew what the loan had been taken out for. Mr C was unhappy with Nationwide's response and complained saying it should refund all of the payments he made. Nationwide looked into Mr C's complaint and said it didn't think it had done anything wrong. Mr C complained to us.

One of our investigator's looked into Mr C's complaint and pointed out to Nationwide that it hadn't paid interest on the refund it had agreed to even though that's what we'd normally expect. Nationwide offered to do so. Our investigator thought the refund and the interest Nationwide had offered was a fair and reasonable outcome so upheld the complaint but said that Nationwide didn't need to do more. Mr C initially accepted our investigator's recommendation but did so based on a misunderstanding as to how much interest he'd be paid. So, Nationwide paid the amounts recommended at which point Mr C realised he'd misunderstood how much interest he'd be paid. His complaint was by agreement referred to an ombudsman for a decision given the circumstances. His complaint was passed to me.

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 can see that Mr C already had a cryptocurrency wallet when he started talking to the person who turned out to be a scammer. That's because he'd bought cryptocurrency a year earlier. On that occasion, however, I'm satisfied that Mr C bought cryptocurrency with a view to holding it on a long-term basis in the hope that it would go up in value. In other words, he made a small long-term investment. I can see that Mr C made other investments too. For example, he put money into an ISA and had shares too. In the circumstances, I wouldn't have expected Nationwide to have thought anything unusual was going on when Mr C started sending more money to his cryptocurrency wallet as it was an account he'd held for a long time and to begin with he was making payments of less than £1,000. He'd made much larger genuine payments than that around the time.

On 29 March 2023 I'm satisfied that Mr C sent just over £2,500 to his cryptocurrency wallet, and that he sent just over £4,000 another four days later. I appreciate that together that means he spent over £5,000 to his cryptocurrency wallet in four days, but I don't think the collective size of those payments was enough to alert Nationwide to the fact that Mr C was at risk of being scammed given that he'd made larger genuine payments around the time. Nor do I think the fact that they were payments to a cryptocurrency wallet was enough to make these payments unusual in part because Mr C wasn't new to cryptocurrency. In the circumstances, I agree that these payments didn't warrant any additional intervention on Nationwide's part. The same is true of the next payment he made which was for just under £3,000 on 12 April 2023. In other words, over ten days' later. That was Mr C's penultimate payment.

The final payment Mr C made was for just under £5,000 on 15 April 2023 – in other words, three days later. In some cases that might in itself have been enough to say Nationwide should have intervened. In this case, however, Nationwide had more to go on. I say that because Nationwide had just paid £5,000 into Mr C's account having approved an application from him for a loan to "consolidate debt" which Mr C then asked Nationwide to pay to his cryptocurrency wallet – a payment he described as an "investment". In other words, Nationwide knew that Mr C was using the proceeds of his loan for a completely different purpose. Nationwide has accepted that it shouldn't have allowed this payment to happen. So, it agreed to refund the final payment. I agree that this was the right thing to do. Nationwide, however, then went on to say that liability from this point onwards should be shared on a 50/50 basis as Mr C hadn't done proper due diligence, the returns were too good to be true and the investment had been initiated via contact over social media. I'll consider whether that was fair next.

In his submissions to us Mr C has said that he hopes the evidence he's sent proves that he wasn't making reckless and wild gambles, more that he was coerced into something that he believed was a great opportunity. And that he was taken advantage of by someone who gained his trust as a friend. Having read everything Mr C has sent, I don't think he made reckless and wild gambles, and I do accept that he was taking advantage of. But I do think he should have questioned how legitimate the opportunity was. He was told he'd get 5 to 8 times his money back and was introduced to the opportunity by a stranger who he'd never met who contacted him out of the blue over social media. The returns he was being promised were "too good to be true" and the circumstances in which he got the opportunity were "suspicious". He didn't do any real due diligence either. In the circumstances, I agree that liability should be shared on a 50/50 basis.

I can understand why Mr C is disappointed in the way Nationwide handled his claim – as

he's said he received contradictory responses. I agree with him that it would have been better had Nationwide decided to refund him sooner. In addition, Nationwide didn't pay Mr C interest on his refund until our investigator mentioned this. I'm satisfied that Nationwide has now done so and that it has calculated the interest the way we'd expect. So, I agree that this is a complaint that should be upheld – because Nationwide didn't do enough to begin with – but that Nationwide has now done everything it fairly and reasonably ought to do.

I can see that Mr C is unhappy with the amount of interest he has to pay on the loan he took out, and that this cruel scam has taken his savings and put him under a lot of financial pressure. So I think it's worth me mentioning that if he's in financial difficulties, then we'd expect Nationwide to treat him positively and sympathetically. I hope he'll be able to move on too.

Putting things right

Nationwide's initial response to Mr C's claim wasn't as good as it should have been. Following our involvement, I'm satisfied that the steps Nationwide has taken fairly resolve this complaint. So, I'm going to uphold this complaint but don't need Nationwide to do more than it already has. But, as I've already mentioned, if Mr C is now in financial difficulties as a result of the scam, we'd expect Nationwide to treat him positively and sympathetically.

My final decision

My final decision is that I'm upholding this complaint but don't need Nationwide Building Society to do more than it already has.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 March 2024.

Nicolas Atkinson
Ombudsman