

The complaint

Miss D complains that Nationwide Building Society ('Nationwide') hasn't investigated the activity on an account she was coerced to send funds to.

What happened

Miss D says that someone I'll refer to as S in this decision coerced her to transfer £1,000 to their Nationwide account on 14 October 2023. S claimed Miss D had caused damage to a van and needed to pay this amount before she could leave. Miss D was also told that S knew where she was staying.

Miss D reported what had happened to her own bank and to Nationwide as the holder of S' account.

Nationwide said it is only able to act on reports or information received from another bank and that it has no evidence that Miss D's bank has been in contact. Nationwide referred to the industry wide process where a sending bank notifies a receiving bank of a claim.

Miss D was unhappy with Nationwide's response and brought a complaint to this service. She said Nationwide has failed to act when criminal activities have been reported to it.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that the correct process hasn't been followed by Miss D and that Nationwide didn't need to investigate its customer. The investigator went on to say that he didn't think Miss D's case would be investigated as a scam as she had been coerced or potentially blackmailed. This was a matter for the police and the police could ask Nationwide for information about the account it held.

Miss D didn't agree with the investigator's findings. Through her representative, she said she has alerted Nationwide to the fact one of its accounts is being used for fraudulent activity and that by not investigating Nationwide is essentially supporting or allowing criminal activity. Miss D feels that anyone should be able to refer illegal actions to a bank.

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'm really sorry to disappoint Miss D, but having reviewed her case, I've reached the same answer as the investigator.

Financial businesses have worked with UK Finance to create Best Practice Standards for both sending and receiving banks to follow when processing an Authorised Push Payment Scam (APP scam). These standards say that when a potential APP scam is raised with a sending bank it must take certain steps, including validating the information, capturing the details, and assessing whether a scam has taken place - or whether its customer has a civil dispute.

I understand that Miss D's bank determined she had a civil dispute with S, a conclusion I agree with. Making a payment as a result of coercion in the way Miss D has described

doesn't meet the definition of an APP scam set out in the Contingent Reimbursement Model Code ('CRM Code'). Instead, it is a matter for the police.

If the sending firm believes its customer is the victim of an APP scam it notifies the receiving firm promptly and the receiving firm then completes its own enquiries, and, if appropriate freezes the account and returns funds that remain in the account. This hasn't happened in Miss D's case, because her bank (the sending firm) determined that she wasn't the victim of an APP scam.

But, even if Miss D was the victim of a scam, Nationwide, as the receiving firm, wouldn't be able to take action if Miss D reported the matter directly to it. The Best Practice Standards were designed to ensure a consistent process is followed and to provide better customer service. The receiving bank can't validate the information someone who is not a customer of theirs provides, and this is why claims come from the sending firm. And, given the number of scam claims reported each day, receiving firms would be inundated with calls and unable to take appropriate steps promptly to secure funds.

I've also considered whether Nationwide should've been on notice that S was potentially carrying out fraudulent activity or should have had concerns, based on the activity on S' account. While I can't share the details of what I've seen, I'm not satisfied there was activity on S' account which should have caused Nationwide concern, or meant that it ought reasonably to have intervened to prevent Miss D's loss.

It is also not for Nationwide, as a bank, to investigate whether criminal activity taken place. If the police believe S has committed a criminal offence, they may contact Nationwide, but any action Nationwide chooses to take as a result is not something I have the power to consider here.

Overall, whilst I recognise that the situation with S must have been distressing for Miss D, and she has lost money, I can't reasonably say Nationwide has done anything wrong.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 13 January 2025.

Jay Hadfield
Ombudsman