DRN-2878170

The complaint

Mrs C complains that Nationwide Building Society didn't inform her of the Financial Services Compensation Scheme (FSCS)' temporary high balance cover.

What happened

In June 2020 more than £180,000 was deposited into Mrs C's Nationwide current account after Mrs C sold a property. Mrs C wanted to ensure that her money was protected by the FSCS.

The FSCS compensates people if they hold up to £85,000 in an account with a UK authorised bank, building society, or credit union, and that bank, building society, or credit union fails.

The FSCS also protects temporary high balances of up to £1m in consumer's accounts for six months. The FSCS says it can't confirm the eligibility of a temporary high balance until the relevant bank, building society, or credit union fails. However, certain life events such as a real estate transaction could cause a temporary high balance in a consumer's account.

Mrs C has told us she was worried that she had more than £85,000 in her Nationwide account, so she transferred money into various accounts after 10 June 2020. By the end of August 2020 Mrs C says she'd reduced the amount of money in her Nationwide current account to nearly £27,000.

Mrs C began transferring money back into her Nationwide current account later that year. By the end of October 2020, she had around £109,000 in the account. Mrs C once again worried she had more than £85,000 across her Nationwide accounts.

On 10 November 2020, Mrs C visited her local Nationwide branch to pick up a cheque for £100,000. She wanted to deposit it into an account with a bank ("Bank B") so she would have no more than £85,000 deposited with Nationwide. Mrs B says the Nationwide cashier that served her said she was doing the right thing as that money would only be protected by the FSCS for another month.

Mrs C says that when she told the cashier at Bank B the reason for withdrawing the £100,000, the cashier told her about the extension to the FSCS's temporary high balance cover. That refers to the FSCS' decision to protect deposits of up to £1m from six to 12 months for deposit-taker failures occurring from 6 August 2020.

Mrs C says the Bank B cashier went on to say that Bank B advised customers against leaving large sums of money in current accounts. It recommended that customers moved large amounts of money into savings accounts to better protect against fraud. Bank B said its systems would have flagged this, and it was surprised Nationwide hadn't offered Mrs C the same advice. The cashier also said that Mrs C could've been earning interest on her money during this time (if she'd moved her money into an interest-bearing savings account) and that it would always contact their customers in circumstances such as hers.

Mrs C returned her cheque to Nationwide and complained that she hadn't been given similar advice. She spoke to the branch manager who confirmed the extension of the FSCS' temporary high balance cover after looking it up on the internet in front of her. Mrs C says the branch manager told her said Nationwide didn't tell her about the extension to the FSCS' temporary high balance cover because her staff weren't aware of it at the time.
Mrs C wasn't satisfied by this and took her complaint further.

In its final response Nationwide apologised and accepted its mistake in not informing Mrs C about the extension of the FSCS' temporary high balance cover. It said the relevant branch manager had addressed the issue with the branch staff, and that the branch manager was confident that one of her team would've had a conversation with Mrs C about her balance when she had a mortgage appointment in July 2020. Mrs C says this didn't happen. Nationwide didn't think its staff made a mistake when it didn't advise Mrs C to transfer money from her current account to her savings account as it thought its current accounts were secure.

Nationwide also told us that information about the FSCS was available to Mrs C on its website, and that its branch staff aren't in a position to offer financial advice. So they wouldn't be expected to advise members about how they manage their money.

Mrs C remained unhappy and complained to our service. She wanted Nationwide to pay her the interest she feels she missed out on between 10 June 2020 and 11 November 2020. She also thought Nationwide should compensate her for the incorrect advice she was given in branch and the stress and inconvenience caused by what happened.

Mrs C wanted to be reassured too that the relevant Nationwide staff had received adequate training and that it had implemented a system for identifying the movement of large sums of money, similar to Bank B's.

Our investigator looked into the matter. She appreciated how annoyed Mrs C was, but she didn't think Nationwide needed to do anything more to resolve Mrs C's complaint. That's because Nationwide had apologised for not telling her about the extension of the FSCS' temporary high balance cover in November 2020.

Our investigator didn't think Mrs C hadn't lost out financially as a result of Nationwide not telling her about the extension of the FSCS' temporary high balance cover. She said that was because Mrs C became aware of the FSCS's temporary high balance cover in November 2020. At that time, the money Mrs C held with Nationwide was covered by the FSCS's usual six-month temporary high balance cover and had been since June 2020. Once Mrs C became aware of the extension to the FSCS' temporary high balance cover she was able to keep her money with Nationwide knowing that the money was protected until it was required in February 2021.

Mrs C disagreed. She said that if she'd known about the FSCS' cover she would've put all her money in her interest paying Nationwide savings account and wouldn't have made so many trips to Nationwide to move her money. She said she'd made numerous trips into branch between June and November 2020 to transfer her money and was clear with branch staff why she was acting the way she was, but no one ever had a conversation with her about the FSCS' cover.

Our investigator appreciated Mrs C's strength of feeling, but she accepted Nationwide's position that its branch staff aren't in a position to offer financial advice. So she understood why it wasn't willing to offer Mrs C compensation for this. She said that Mrs C took the decision to begin transferring money from her Nationwide accounts from 10 June 2020. So our investigator didn't think it was fair to hold Nationwide accountable for this.

Our investigator also appreciated that Mrs C has told us that she was worried after her conversation with Bank B. However, she wasn't persuaded that Mrs C's money would have be safer in a savings account.

Finally our investigator said that our service isn't a regulator, so it wouldn't be appropriate for us to require Nationwide to alter how they present their products or to alter its systems.

Mrs C remained unhappy and asked for an ombudsman to review her complaint.

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 don't think that Nationwide needs to do more to resolve this dispute either. I'll explain why.

Mrs C has told us that she was very anxious to ensure that her money was protected, so she made numerous transfers to juggle money between different accounts between June and November 2020. I can see that much of this was done online and that Mrs C started to move her money around from June 2020.

Mrs C has told us that she visited her local Nationwide branch during this period and was open about why she was moving her money. As she now knows all her money was protected while it was with Nationwide (because of the FSCS' temporary high balance cover) she is very frustrated about the time and effort she went to move her money in this period. She thinks Nationwide should've done more for her, especially as she says she was open about why she was moving her money around. Mrs C has told us that if she'd known that all her money was protected while it was with Nationwide, she would've put all off it into her Nationwide savings account to earn interest. So she feels Nationwide should reimburse her for that "lost" interest.

I don't underestimate Mrs C's strength of feeling about what happened. However, it's unclear to me exactly what was said by Mrs C to Nationwide in this period. Mrs C has only been specific about what was said during her November 2020 visit, and Nationwide's notes of Mrs C's contact with it don't mention the issues discussed above being raised. In the circumstances it isn't clear to me that Nationwide made mistakes that it should compensate Mrs C for. Like our investigator, I'm conscious that Mrs C acted herself to move her money around during this period. I wouldn't expect Nationwide's branch staff to give Mrs C financial advice – despite what she was told by Bank B.

However, there's no dispute that Nationwide made a mistake in November 2020 when it didn't tell Mrs C about the extension of the FSCS' temporary high balance cover.
Mrs C wants to be compensated for that, but I don't think that would fair and reasonable. I say that because Nationwide has apologised for what happened. I'm also conscious that Mrs C's money was already protected by the FSCS' temporary high balance cover when this mistake happened in November 2020. Although a £100,000 cheque was issued at this time, Mrs C was able to ensure it was destroyed. She was in a position to transfer her money into an interest-bearing account after she spoke to Bank B and identified Nationwide's mistake.

Mrs C has said I should protect consumers and hold Nationwide responsible for its mistake. But I'm not Nationwide's regulator, so it wouldn't be appropriate for me to punish Nationwide for its mistakes. My role is simply to try to resolve this dispute in a fair and reasonable way.

I also think it's worth bearing in mind that the FSCS didn't announce its decision to extend its temporary high balance cover from six months to 12 months until early August 2020, and that the changes to the FSCS' cover didn't come in effect until 6 August 2020. So I don't think it would be fair and reasonable for me to say that Nationwide should've told Mrs C about the extension of the FSCS's temporary high balance cover until August 2020.

Nationwide's notes of its contact with Mrs C show that Mrs C went into branch on 4 August 2020 but had no more contact with Nationwide until she went in to withdraw the cheque in November 2020. It's not clear what was said in August 2020, and I'm conscious that the change to the FSCS' cover had only just been announced and hadn't come into force yet. So I'm not persuaded Nationwide should've told Mrs C about the change to the FSCS' cover at that visit. It follows that I don't think Nationwide is responsible for Mrs C not moving her money into her interest-bearing account between August and November 2020 as she has suggested.

For completeness I shall now cover some of the other points Mrs C has raised in her complaint. Mrs C says she wants reassurance that the relevant Nationwide staff had received adequate training. I can see that the branch manager has said she has discussed this matter with the relevant staff, so I'm satisfied this has been addressed.

Mrs C has also said that she thinks Nationwide should implement a system for identifying the movement of large sums of money, similar to Bank B's. As our investigator said, our service doesn't regulate Nationwide, so it wouldn't be appropriate for me to make such a finding in my decision.

I appreciate that Mrs C is likely to be disappointed by this decision. However, for the reasons set out above, I don't think Nationwide needs to do more to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 6 October 2021.

Laura Forster
Ombudsman