

The complaint

Miss G's complaint came up because of the way Nationwide Building Society handled her basic account when it went overdrawn. Her complaint has expanded, as she's unhappy with the steps Nationwide have taken over the years to help her with her mental health issues and gambling addiction.

What happened

In April 2019, Miss G's basic account with Nationwide went overdrawn. This meant she couldn't access her disability benefit payments.

In my provisional decision I went into detail about what caused the overdraft. Miss G's representative has come back on that with their view of the events, which differs in places to what I wrote. But it's agreed that the overdraft was caused in part by two payments being taken by a car hire company on 4 April 2019.

Miss G initially told Nationwide she hadn't hired a car from the hire company. That led them to investigate under their fraudulent transaction process. But they found the payments had been authorised using Miss G's debit card.

Miss G then told Nationwide she thought someone she'd trusted with the card's PIN had used it without her permission. Nationwide at that point refunded the money and told Miss G she wouldn't have to pay it back. But further investigation concluded the payment had been authorised by Miss G, so Nationwide took back the refund.

In response to my provisional decision, Miss G's representative has again explained Miss G had authorised the payments, but had got confused when they went out. They said this was because Miss G had been expecting the money to be taken as a single payment, but it was split in two.

Miss G complained about Nationwide's handling of the overdraft and disputed transactions. She's particularly highlighted a call she had with Nationwide that challenged her when they first suspected the payments weren't fraudulent. Miss G's said the call left her feeling suicidal.

The complaint has also expanded beyond the events in March and April 2019. Miss G's said she feels Nationwide didn't do enough to help her with mental health issues and a gambling addiction that she'd told them about previously. She specifically complained that a block she'd had put on her card in January 2017 – stopping online transactions – had been removed without her realising when she got a new card.

Nationwide apologised for the way they'd handled the call that upset Miss G, and offered her £100 compensation for the upset caused. They also apologised for saying she wouldn't have to pay back the car rental refund, and offered £50 compensation for that.

Nationwide accepted that the block on online transactions had come off Miss G's card – four days after it was added in January 2017. They said this happened because a new card had

been issued. They felt they should have done more to tell Miss G this would happen when she asked for a replacement card. Nationwide offered £25 compensation for this part of the complaint, noting they weren't sure if Miss G would have chosen to have the block put on her new card.

There were some other complaints that arose due to the way the complaint was handled. There were issues with what was provided to Miss G's representative under a subject access request (SAR). Nationwide offered a total of £150 compensation for those. And they offered a separate £75 compensation payment for some errors in their responses to Miss G.

I explained in my provisional decision how complaints about complaint handling and complaints on behalf of representatives aren't covered by our jurisdiction. That point appears to have been accepted, so I won't mention it again here when considering the merits of the complaints we can look at.

Unresolved, the complaint came to us. After our investigator's view didn't resolve the matter, it came to me for a formal decision. I made a provisional decision, which allowed Miss G and Nationwide to consider and respond to my findings, before I made my final decision.

I found there had been issues with the service Miss G received. But while I could see these had an emotional impact on Miss G, I concluded there hadn't been a financial loss. To put matters right, I felt Nationwide's approach to pay compensation was right, but I said a total value of £750 would better recognise the overall impact their poor service had on Miss G.

Nationwide have accepted my provisional decision. Miss G's representative has discussed the facts of the case again, and said why they feel there was more wrong in what Nationwide did than I mentioned in my decision. But they haven't specifically disagreed with the £750 compensation figure that I put forward.

Having considered the comments I've received, I'm now ready to make 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 my provisional decision – to partly uphold Miss G's complaint and have Nationwide pay a total of £750 compensation – is the right one for this case. I'll explain my decision again, touching on the same points that I made last time. I'll add to this where I feel it will help to show Miss G how her representative's latest comments have been considered.

While I appreciate Miss G's representative has given a lot of detail about what they think Nationwide did wrong in this case, I intend to focus my explanation more on what should be done to put matters right. That – in my view – better fits the purpose of our service. Where a business has made mistakes, we're not here to punish them – we're trying to put people in the position they should have been in, if the service had been reasonable.

I've noted Nationwide said the card block added in January 2017 only lasted four days. That's consistent with bank statements I've seen from the time, which show online transactions continued after the block was requested.

I've seen a document dated 6 April 2017 where Miss G appears to have disputed a transaction with Nationwide. The document shows me two things. Firstly, that Nationwide

were aware of Miss G's gambling problem in April 2017. And secondly, that Miss G was aware at that point that the block on her card hadn't worked properly.

I can't see how the issue was resolved after that. But Miss G's statements seem to show no online transactions from then until November 2017, suggesting the block was put back on the card. A call recording from November then tells me Miss G ordered a new card for the account. After that point, the statements show online transactions being made again.

So it looks like the problem – where the block hasn't been carried over when a new card was issued – has happened twice – in January and November 2017. Miss G appears to have fixed it once, in April 2017. But didn't the second time.

Nationwide haven't done enough to meet Miss G's needs on this point. They should have pointed out to her that the block wouldn't pass to a new card when she asked for one. With that information, Miss G would have been able to decide if she was happy with that or not.

But it looks like Miss G could have been aware that the block wouldn't pass to a new card when she asked for one in November 2017. That's because she'd already seen it happen back in January, becoming aware of it in April.

Even if the link between the new card being issued and the block disappearing wasn't clear, Miss G would likely still have been aware when the block stopped working, given she was aware when it happened in April 2017. Miss G doesn't look to have asked for it to be put on her November 2017 card – despite her likely awareness that it had stopped working – suggesting she no longer wanted the block on her card at that point.

But I appreciate that the issues Miss G's representative has told us she has made it difficult for Miss G to seek the help she needed from Nationwide to have the block put back on the card. The question for me is whether Nationwide should have done more in this case to proactively raise the issue with Miss G.

Given what they knew about her – certainly from April 2017 onwards – I would expect Nationwide to have been aware of the role gambling might play in Miss G's ability to manage her account. And there were certainly a lot of gambling transactions on her account over the years. But looking at Miss G's bank statements, I can't see a point where her management of the account has become majorly troubled, before the overdraft issue in April 2019.

Some of that is due to Miss G having only a basic account. That meant it didn't offer credit or overdraft facilities, limiting the amount of debt Miss G could build up.

Another factor is that Miss G seemed to have access to other accounts – with other providers – where Nationwide could have seen she was putting relatively large amounts of money. Miss G's representative has explained what was happening to the money after it was moved to the other accounts – but that's not relevant when considering the information that was available to Nationwide. They wouldn't have been able to see more than Miss G frequently placing relatively large amounts of money in a savings account.

So I'm still of the view Nationwide could have looked at Miss G's ability to do that and concluded there wasn't too much of a problem for her.

That's not to say Miss G wasn't struggling. I appreciate her comments to us show she's had problems over the years that have affected her deeply. But I find it's reasonable Nationwide haven't done more prior to April 2019 to help Miss G with those problems. I can't see any major warnings or updates to make them aware there were any problems, up to that point.

That changed though in April 2019. The basic account wasn't meant to go into a large overdraft, so the fact it did should have told Nationwide there was a problem.

I don't criticise Nationwide for initially dealing with this as a fraudulent transaction. Given what Miss G said to them, that was the right way to handle it. But ultimately that wasn't the right solution for the problem, because any refund given to Miss G would rightly be taken back when no evidence of a fraud was found.

It wasn't helpful for Nationwide to tell Miss G she wouldn't have to pay the refunded money back. I can appreciate how the person speaking to her could have thought that would be the case, given Miss G had described how a fraudulent transaction had taken place. But the person Miss G spoke to wasn't the one who would decide about that, so shouldn't have assumed what the outcome of the fraud process would be.

However, I've heard a call from the following day – between Miss G, her representative, and Nationwide – where the refund was discussed again. During that call, Miss G and her representative discussed whether it was wise to have that refund, given it could be taken back.

Miss G's representative has indicated that conversation was actually about the refund for a different payment Miss G has said was fraudulent – one for holiday accommodation. On that payment both Nationwide and the business involved had refunded the money to Miss G, so Nationwide were going to take back what they'd paid.

I feel the principle was clear from this – it would only be fair for Miss G to receive the refund from Nationwide if she was out of pocket due to a fraud. That wasn't the case with the car hire payments – which followed from Miss G's decision to hire a car, rather than a fraud. I find there was enough in the follow up conversation to put right any confusion caused by the person saying earlier that Miss G wouldn't have to pay the car hire money back.

I don't agree with Miss G's representative that the refund should act as some sort of compensation for the issues in this case. It relates to the cost of hiring a car – a car Miss G accepts she chose to hire – not the impact on Miss G of Nationwide's mistakes. It wouldn't be fair in my opinion to have Nationwide pay for Miss G's car hire.

Staying with the various phone calls in this case, Miss G's described how one of them affected her, when she was confronted with Nationwide's view that the payments that caused the overdraft weren't fraudulent. I note Nationwide agreed they could have handled that call better.

While I'm of the view Nationwide had fair reason to challenge the details Miss G had given them about the payments being fraudulent, they should have done more to recognise her actions could be linked to problems she was having managing her account. The call would have been better to focus on how Nationwide could help Miss G access her benefit payments, while taking steps to deal with the unexpected overdraft.

Nationwide appear to have got to that point later – offering to speak to Miss G about a payment plan for the overdraft. That could be a reasonable way to solve the underlying problem. But by failing to discuss the problem in a reasonable way at the time, Nationwide added to Miss G's considerable distress.

I discussed last time what caused the overdraft in the first place. As I've noted, Miss G's representative has raised some issues with my view of this. But it seems to be agreed that the payment for the car hire was one factor. And on that it seems to be agreed Miss G did hire the car. So that part isn't Nationwide's fault.

Miss G's representative raises an interesting point about whether Nationwide should have made the funds unavailable to Miss G when she authorised the payment, on 22 March 2019. That would have meant she couldn't transfer the money out of the account prior to it being taken by the car hire company on 4 April.

It's not clear how much of a difference that would actually have made to this situation though. Miss G still wouldn't have been able to use the money, and would still have seen two payments going out, rather than the one she was expecting. As that prompted her to consider the payments – and the car hire itself – were fraudulent at the time, it seems likely she'd have reached the same conclusion, even without the overdraft happening. That in turn would lead to the fraud case being opened, and the refund being given. The funds would then have been available to Miss G to spend or transfer, until the fraud investigation ultimately sought to take the refund back. At that point, the overdraft would reoccur, if Miss G had decided not to leave the money in the account.

The key for me here is that Nationwide weren't responsible for the car being hired in the first place, or the cost that followed from that. Nor were they responsible for the payments being taken as two amounts rather than one – which is what her representative says gave Miss G the belief the payments weren't right.

So I find not all of the upset Miss G experienced is Nationwide's doing. And I don't think it's fair to expect them to pay for the car Miss G hired.

Putting things right

I've thought about how things would have been different for Miss G if Nationwide had told her sooner in 2017 that the block on online transactions wouldn't transfer to a new card. I've factored in that she looks like she could have had some awareness of this at the time.

I'm not going to try to decide if each and every transaction on Miss G's statements since 2017 would have been made. I'd need to know much more about Miss G's mindset at the time, and her access to other accounts to pay for things. But I shall factor Miss G's upset about the block not working as planned into an overall compensation figure for the emotional impact Nationwide's service had on her.

The most significant factor in my current reasoning on that impact is the way Miss G sounded after the call that confronted her about the car rental payments not being fraudulent. In her next call to Nationwide she was frequently in tears, and said she'd felt she wanted to die since speaking to them.

There's no remedy I can direct that will undo that. But compensation from Nationwide would acknowledge it was their service that made Miss G feel that way.

Added to that is the limited surprise – as mentioned above – at the refund being taken back in July 2019.

I've decided an overall figure of £750 compensation from Nationwide to Miss G will balance these points. It's relatively large – to recognise the significant upset Miss G felt – but stops short of trying to remedy things that upset Miss G which Nationwide weren't responsible for.

I understand Nationwide have already paid some parts of the compensation they offered to Miss G. So they'll only need to pay what's left to bring the total up to £750. If my decision is accepted, this will then replace all offers made – but not paid – to date. If my decision isn't

accepted, Nationwide won't have to do what I've said, and it'll be open to Miss G to pursue her complaint elsewhere.

My final decision

I've decided to uphold part of Miss G's complaint about Nationwide Building Society. To recognise the emotional impact this had on her, Nationwide should pay Miss G a total of £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 15 October 2021.

Paul Mellor
Ombudsman