

## **The complaint**

Ms L complains that through the involvement of Nationwide Building Society (“Nationwide”), her builder was wrongfully accused of fraud when she wanted to pursue a refund against him. This has impacted her emotionally and has caused conflict between her and the builder.

## **What happened**

Ms L used a builder to complete some work on her home. While work had been carried out on her property, Ms L believed it was to a low standard. Unhappy with the work completed, she wished to recover her money. She says the builder told her he was closing his business and so, after getting some advice, she decided to contact Nationwide to recover her money.

In July 2020, Ms L contacted Nationwide and explained what happened and she says they would be able to help through their payment recovery process. She says Nationwide told her that the information she provided over the phone would be passed onto the builder’s bank to recover the funds.

Ms L received a letter from Nationwide in September 2020 explaining she was a victim of a scam, but she says no other information was provided. So, in February 2021, she started court proceedings against the builder.

Ms L says that the builder’s testimony to the courts were that his bank accounts had been frozen, including his joint account with his wife. The builder believed this was due to Ms L telling Nationwide that he took the money from her fraudulently.

Ms L didn’t believe she did tell Nationwide that the builder took her money fraudulently, and so, requested copies of the calls she had with them. Ms L complained to Nationwide as she didn’t feel the information she gave them was recorded correctly. And as a result, it has caused conflict between herself and the builder.

In June 2021, Nationwide agreed they made a mistake and wrongfully submitted a form to their financial crime team, rather than directing her to the courts or to Trading Standards. So they gave her £150 as compensation as well as a final response letter confirming it was never Ms L’s intention to put the builder in the position he found himself in.

Ms L referred her complaint to our service. Ms L also says she is in a constant state of anxiety and is worried that the builder’s wife will also take her to court as their joint bank account has also been frozen.

Our investigator believed Nationwide must do more to put things right for Ms L and asked them to pay her an additional £150 in compensation. So, £300 in total. She reached this conclusion by considering how long Ms L was impacted by Nationwide’s mistake and to what extent.

Nationwide agreed with the investigator’s view, but Ms L disagreed. She felt the compensation amount wasn’t enough. And so, this complaint was passed to me to decide on.

I issued a provisional decision on 8 February 2022 where I explained why I intended to uphold Ms L's complaint. In that decision I said:

*"Ms L contacted Nationwide to enquire about their payment recovery process. This was as a result of receiving poor workmanship from her builder on work she was having completed on her home. During Ms L's contact with Nationwide, a form was completed and submitted on behalf of Ms L, which led to a fraud investigation being logged against Ms L's builder.*

*Nationwide has agreed the wrong process was followed and they should never have reported this incident to their financial crime department. They also agree Ms L didn't say she had been a victim of fraud or a scam. As compensation Nationwide offered £150 for their mistake. But following our investigator's findings, they agreed to increase the compensation by another £150, to £300 in total. As Nationwide doesn't dispute they had made a mistake, my role is to consider whether the offer of compensation made is fair in the circumstances.*

*Ms L has provided information to show the impact Nationwide's mistake has had on her builder and his family. I must be clear that I can't award compensation to a third party, and only to the eligible complainant of the complaint, in this instance, Ms L. But I can consider if Nationwide's error and its impact to the builder has a knock-on effect on Ms L. So, my role in this instance is to consider the impact Nationwide's mistake has had on Ms L and whether the compensation awarded is enough.*

*It's also important that I'm fair to both sides. My role isn't to fine or punish a business. My role is to make an award that recognises the impact a business's mistake had on the complainant.*

*In this instance, Nationwide submitted a form to their financial crime department around the time Ms L contacted them in July 2020. Shortly after, Ms L says she was contacted by her builder to say his accounts had been frozen. The builder blamed Ms L for his accounts being frozen.*

*I do note that while ultimately, Nationwide are not responsible for the actions the builder's bank has taken in freezing their customer's accounts, if it wasn't for their mistake of following the wrong process, the unnecessary conflict Ms L has experienced with her builder would likely have been avoided.*

*Over the next few weeks and months, Ms L received further contact from her builder and family as they believed she gave wrong information to Nationwide which led to their accounts being frozen. Ms L was unaware at this time that Nationwide had made a mistake and was understandably distressed at being blamed for the builder's accounts being frozen. She says she believed she was at fault. Ms L was so worried that she installed a camera doorbell for her own safety.*

*During court proceedings, Ms L says it came to light Nationwide contacted the builder's bank to complete the necessary investigation into their customer. Ms L further learned of the impact this had on her builder and his family. Understandably, hearing this information was shocking and distressing to Ms L.*

*Once Ms L heard what Nationwide did, she made an enquiry to them which led to them admitting they made a mistake.*

*For around ten months, from late July 2020 until early June 2021, Ms L believed she had correctly followed Nationwide's process of recovering her money and this led to her builder*

*being in the position he was in. Ms L had no reason to think Nationwide had made a mistake, until she made the enquiry to them. Over the ten months, she felt guilty and responsible for the builder's accounts being frozen when it wasn't her mistake.*

*During that time she regularly received contact from her builder, and says she still has anxiety from the threat of possible court proceedings. Nationwide has provided a letter to help explain their mistake and Ms L has managed to share this information with the builder to show it wasn't her mistake. However, Ms L remains worried about what the builder might do because she started the process with Nationwide.*

*Ms L has gone into detail and explained the impact Nationwide's mistake has had on her. She says she has been anxious since her builder first stated this was all her fault and that his wife may also take her to court. She says she's had to increase her anxiety medication and she worries when the post arrives, especially if it is a letter she doesn't recognise. She also says she lives alone and for her safety she purchased a camera doorbell. I've also noted Ms L's comments to us where she says it was, "...a terrible mistake that [the builder's] accounts were closed – an awfully huge mistake for Nationwide to make..."*

*In this instance, I think Ms L has suffered considerable distress, upset and worry as a result of Nationwide's mistake. This mistake resulted in significant inconvenience for Ms L, where she had to prove to her builder that it wasn't her mistake that led to his accounts being frozen. The impact of Nationwide's mistake lasted many months and she says it still continues to worry her.*

*I'm persuaded by what Ms L has told us and I'm empathetic to the impact this has had on her. Having a threat of legal proceedings could reasonably cause distress – the extent of which would be heightened for someone who already experiences anxiety."*

I set out what I intended to instruct Nationwide to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

#### Responses to the provisional decision

Nationwide responded and said they accepted my provisional decision.

Ms L responded and said she is happy to accept my provisional decision if it will ensure Nationwide put some sort of assessment of telephone calls in place, to ensure quality control into their routines.

#### **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.

As both parties have agreed with my provisional decision, I see no reason to depart from its conclusions.

But I do want to explain that it is not the role of the ombudsman service and within our remit to instruct businesses on how they should conduct themselves. In this instance, my role is to consider the impact their mistake has had on Ms L and instruct them on how they should put things right for this complaint.

### **Putting things right**

Having considered the impact Nationwide's mistake has had on Ms L, I think it is fair and reasonable for Nationwide to pay a total of £750 for the trouble and upset this has caused her.

Nationwide may deduct any compensation they have already paid her in relation to this matter from the above.

### **My final decision**

My final decision is that I uphold this complaint and Nationwide Building Society should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 15 March 2022.

Ronesh Amin  
**Ombudsman**