

The complaint

Mr M is unhappy that Nationwide Building Society did not adequately protect his account from fraud, and that it then took an extended period for him to regain full use of his online banking.

What happened

On 13 November 2020 Mr M visited his local Nationwide branch as he had received a letter saying that someone had attempted to set up a fraudulent account in his name. He was told that everything had been dealt with and that he was not to worry.

Three days later, an account was set up in Mr M's name with an address in London – where Mr M did not live. It appears that, on setting up online banking, the individual who had opened this account was able to change their address to Mr M's. This resulted in Mr M and the fraudster's account profiles merging, which gave the fraudster access to Mr M's accounts. Approximately £64,000 was then transferred out of Mr M's accounts.

On 28 November Mr M tried to use his card in a shop, and when it didn't work he went back to his branch to find out what was wrong and discovered what had happened. Nationwide was aware straight away that Mr M was not at fault here, and so Mr M's money was returned to him on 30 November. But Mr M then was unable to properly access his online banking for several weeks.

Mr M raised a complaint with Nationwide. Nationwide looked at what had happened and agreed that it had let Mr M down. Nationwide noted that the ID used to open the fraudulent account was counterfeit, and so shouldn't have been accepted. It also acknowledged that Mr M was unable to use his online banking for an extended period of time and that this caused him inconvenience. So Nationwide offered to pay him £200. But Mr M didn't feel this was enough, so he referred his complaint to us.

One of our investigators looked at what had happened, she felt that Nationwide's offer didn't go far enough to recognise the impact of what had happened on Mr M, so she recommended that Nationwide increase its offer to £300. Nationwide agreed, but Mr M still felt that this was not enough, so he asked for his case to be referred to an ombudsman.

I issued my provisional decision on this case on 13 July 2022. Both Mr M and Nationwide have confirmed they agree with the findings set out in that provisional decision, so I am now issuing a final decision to confirm how Nationwide should settle this 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.

In my provisional decision I explained the following:

"It's not in dispute here that Mr M was the victim of fraud. So I don't need to make a finding on that, the only issue I need to consider here is the appropriate amount of compensation."

And having thought carefully about all that has happened, I am intending to find that Nationwide should increase the amount it pays Mr M to £600.

I say this because I think there are two issues here which merit compensation for Mr M. Firstly, I think it is clear from what I've seen that Nationwide played a part in allowing Mr M's account to be compromised. Nationwide's internal notes show that on 3 November it recorded a service alert stating that Mr M's account was at risk of account takeover, this note said that staff should be vigilant when sharing information of making changes to the account and that any profile merging should be referred to financial crime. I can only presume it was this note that prompted the letter that led to Mr M going to branch on 13 November.

At that time Nationwide told Mr M that he had no cause for concern, but only three days later it allowed someone to open another account in his name – apparently with a counterfeit ID – and to then merge their account with Mr M's. It seems to me that Nationwide could have prevented this fraud from occurring if it had been more vigilant given that it was on notice that Mr M was at risk of just such a fraud taking place.

And given that the fraud resulted in all of Mr M's money being taken, even though he got this money back relatively quickly, I think it is appropriate to ask Nationwide to compensate Mr M for the worry and stress caused by what happened.

Turning to the issues Mr M then had following the fraud, it seems Mr M had no access to his online banking for around four weeks. This meant he had to visit the branch, call Nationwide on several occasions, and that he was unable to properly monitor his account for that time. Given that Mr M is self employed, and that he had just been the victim of a serious and extensive fraud, I think that being unable to properly monitor what was happening with his account will have caused him additional stress and inconvenience at what was already a difficult time.

With all of this in mind, I think that £600 compensation would more accurately reflect the impact of what has happened here on Mr M."

Nationwide has confirmed it is happy to pay Mr M £600, and Mr M has said he will accept that £600 in settlement of his complaint. So my decision remains the same as set out in my provisional decision.

Nationwide has said it can pay the settlement to Mr M via cheque or bank transfer, so Mr M should let us know how he would prefer to receive the settlement.

My final decision

For the reasons I've explained I am upholding Mr M's complaint. Nationwide Building Society should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 September 2022.

Sophie Mitchell
Ombudsman