

The complaint

Mr S complains that a Nationwide Building Society error resulted in him losing out on interest.

Mr S is represented by his sister in bringing this complaint. But for ease of reading, I'll refer to any submission and comments she has made as being made by Mr S himself.

What happened

Mr S attempted to open a Help to Buy Individual Savings Account (ISA) with Nationwide online as he wanted to save for a house deposit. Mr S says he didn't hear back from Nationwide, and due to family circumstances during the pandemic, he had forgotten about the account, until he saw a property he wanted to buy.

Mr S started a mortgage application with Nationwide and enquired why his ISA wasn't opened. He says the branch told him that Nationwide had sent him a letter as he hadn't provided identification to open the account, but when Mr S asked for a copy of this letter, the branch confirmed that no letter was actually sent and they had sent him an email instead. Mr S says the email apparently informed him the account was open and a book/card was on its way to him.

Mr S has now located the email in a junk mail folder. He says he has deposited the maximum opening and monthly subscriptions, but Nationwide's error has meant that he has missed out on months of interest on the account. Mr S complained to Nationwide.

Nationwide did not uphold his complaint, so Mr S brought his complaint to our service. Our investigator did not uphold Mr S's complaint. She said that Nationwide had provided her two emails to show that on 11 December 2019, that they had received Mr S's application and on 18 December 2019, his account was opened. She said that the email on 18 December stated that only if a passbook was requested would Mr S receive one, but Nationwide said if Mr S applied for the account in branch, then this would be the only way he'd be eligible to receive a passbook.

Our investigator also explained to Mr S that Nationwide also confirmed to us that the account details were sent to Mr S shortly after 18 December 2019. But due to the information contained within this email, this isn't kept and therefore Nationwide are unable to provide a copy of this email. She said that Nationwide had also sent a letter to Mr S dated 12 November 2020, which reminded him of how his Help to Buy ISA worked.

Mr S asked for an Ombudsman to review his complaint. He made a number of points. In summary he said he did not receive the initial two emails that Nationwide sent him or the letter they sent him in November 2020, he said that there was not a third email that Nationwide claims to have sent him. While he's since found the first two emails, there was no record of the third email and he doubted whether Nationwide would send him a email with account specific details, due to the risk of this being intercepted by hackers and he said Nationwide should have retained this email.

Mr S also said that his mother contacted Nationwide in the week of 9 December 2019, to request a passbook for his account. He also queried how the branch was able to open another Help to Buy ISA for him if there was one already open and noted that he was asked for identification in branch whereas he did not have to provide any identification when applying online.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr S has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I must make Mr S aware that our rules state we can only consider the impact on eligible complainants. Mr S meets the definition of an eligible complainant, so I'm able to look into this complaint. But I'm not able to consider any impact on behalf of another party, such as Mr S's mother, who was speaking on behalf of Mr S to Nationwide, prior to the account being fully opened and with the branch also. This is because Mr S's mother is not regarded as an eligible complainant as the account is in Mr S's name only.

When it comes to complaints where it's one word against another (such as what was said in a branch where there would be no record of this), I have to consider the evidence available to me. I then have to weigh the evidence against the balance of probabilities, that is, what's more likely to have happened in the circumstances.

I've considered what Mr S has said about not receiving the emails dated 11 December and 18 December 2019. I don't doubt that he didn't realise these had been sent to a junk mail folder. But I can't hold Nationwide responsible for this. I say this as Nationwide had informed Mr S that they had received his application on 11 December and then on 18 December they informed him that his account was open. So I'm satisfied that Nationwide were clear on the progress of his account opening here and I can't hold them responsible for the email provider designating these important emails as junk.

I've considered what Mr S has said about Nationwide saying they sent a third email and there was no evidence of this. I asked Nationwide about why they would not keep details of this and asked about the security of the email containing account details as they had indicated the email contained. Nationwide confirmed it was not a third email they sent to Mr S as it was a welcome letter that they sent, which informed him of his account details and how he could use his account.

Nationwide provided me with a template of what this letter would have contained. But they said they do not archive these letters as the data files get deleted within a few days of being sent, due to General Data Protection Regulation (GDPR) retention policies. It is not the role of this service to instruct a business what documents they should keep and for how long. But if Mr S has concerns about how Nationwide has managed his data and how long they retain this for, he may wish to contact the Information Commissioner's Office.

It's possible that Mr S did not receive this welcome letter as he says he did not receive a letter he was sent in November 2020 from Nationwide also. But Nationwide held Mr S's correct address. So if Mr S did not receive this, then I can't hold Nationwide responsible for any issues with the postal system as this would be outside of their control. But there's no doubt that Nationwide had also sent Mr S two emails previously (which he has now seen), so

Nationwide had been clear on his later email that his account was open, regardless of whether Mr S received the welcome letter or not.

I've then considered what Mr S has said about a passbook. Mr S says his mother spoke to Nationwide on the phone in the week of 9 December 2019. I asked Nationwide if they had a copy of this call. Nationwide provided me with a screenshot of Mr S's contact history (telephone only), which was blank. They told me that if his mother contacted them, Mr S would need to go through security and then give Nationwide the authority to speak to his mother on his behalf. As a result of this, a footprint of the call would show on Mr S's contact history as it was his account and he would've needed to complete security, however, there was no footprint showing this happened.

As the account was opened on 18 December 2019 and Mr S said his mother spoke to them in the week of 9 December, then his account wouldn't have been opened yet. I asked Nationwide if the call handler would have been able to link a passbook to an account which wasn't open yet and they confirmed that a passbook couldn't have been issued to an account which wasn't open. This is because there would be no account number or even an application number. So I'm satisfied that Nationwide wouldn't be able to issue a passbook in these circumstances.

I've looked at Nationwide's internal documents regarding the Help to Buy ISA. This confirms that a passbook for the account would not be available if the account was opened online – which Mr S's account was. The document states that if a passbook is available for a customer then it must be requested from a branch. So Nationwide would not have been able to send a passbook out to Mr S based on a call that his mother had with Nationwide anyway. I've also considered that Nationwide sent Mr S a letter in November 2020 about his account (and November 2021). I know that Mr S says he didn't receive this, but I can see that the letter was sent to Mr S's registered address. Nationwide's records show this was "mailed" to Mr S on 18 November 2020, so I can't hold Nationwide responsible for any issues with the postal system if he did not receive this letter.

I asked Nationwide how the branch was able to open another Help to Buy ISA for Mr S and the identification requirements he was asked for, despite him saying that he didn't have to provide any identification when he applied for the account online. Nationwide told me that a customer can't hold two Help to Buy ISA's. Mr S's record shows that he has only opened one Help to Buy ISA and it wasn't opened in branch.

Nationwide confirmed the Help to Buy ISA was opened in December 2019 and it has not been closed and re-opened. I'm satisfied the branch would not have been able to open another Help to Buy ISA for Mr S when he says they did as the product was withdrawn for new applicants shortly after Mr S had applied for the account. And the Key Product Information shows a member could only have one Help to Buy ISA at any time.

It's possible that Mr S contacted the branch and requested a passbook, but the branch did not open up a new account for him. Nationwide confirmed that Mr S did not need to provide any physical identification documents when applying online, as he was electronically verified.

So I'm satisfied that Nationwide did not breach any rules for identifying Mr S electronically. Nationwide informed Mr S that his account was open by email, and he could use his account. They followed this up with a welcome letter. I've read everything that Mr S has said about why he had forgotten about the account and I'm sorry he had difficult personal circumstances to deal with at the time. But it would be Mr S's responsibility to enquire with Nationwide about this account if he was under the impression the account wasn't opened – and to find out how to deposit into this account when it was open.

Mr S would be aware that £200 a month was not leaving his account or that the £1,000 hadn't been deposited into his account, so it would not be proportionate to ask Nationwide to backdate any interest on the account when he had not deposited any money into the account when it was opened – and they sent him an email informing him the account was open. It would be Mr S's responsibility to check emails for the email address that he gave Nationwide. So I can't agree that Nationwide made an error here. They opened his account after electronically verifying him, and they did not send him a passbook as he applied online for the account. So it follows I don't intend to ask Nationwide to do anything further."

I invited both parties to let me have any further submissions before I reached a final decision. Mr S did not respond to my provisional decision. Nationwide said they had no further comments to make at this stage.

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 neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 October 2022.

Gregory Sloanes
Ombudsman