

The complaint

The estate of Ms C complains that Nationwide Building Society failed to keep accurate records of the late Ms C's fixed rate bond. The estate of Ms C says this resulted in her losing out on interest which her estate should be entitled to. The estate of Ms C is represented here by Ms C's daughter.

What happened

The late Ms C held a fixed rate bond with Nationwide which was due to mature on 7 January 2016. Ms C sent a bond maturity instruction from to Nationwide electing to withdraw £30,000 from the bond and transfer this amount into a current account and to reinvest the remaining balance into a three-year fixed rate bond at 1.8%. The form Ms C completed appears to have been signed on 14 January 2016 – despite there being some initial dispute over this. Nationwide wrote to Ms C on 10 February 2016 to explain that it had withdrawn the three-year fixed rate bond at 1.8% and asked her to select a new product (the highest interest product being a three-year fixed rate bond at 1.6%). Sadly, Ms C died on 8 February 2016 and as Nationwide was unaware of Ms C's death until 7 January 2019, and had not received a further maturity instruction, the bond matured on 7 January 2016 into a fixed term bond maturity account.

Ms C's daughter, on behalf of the estate of Ms C, complained to Nationwide in February 2019 as she felt that Nationwide had failed to follow Ms C's maturity instructions. She said the estate had missed out on potential interest because of this error. Ms C's daughter said that Ms C had sent another maturity instruction form to Nationwide and that the maturity date on the bond had changed following a visit to a branch in 2010.

Nationwide looked into the complaint and partially upheld it. It said that it had reviewed its records and was unable to find a different maturity instruction form other than that which it received on 1 February 2016 signed by Ms C on 17 January 2016. Nationwide also had no record of the bond maturity date changing in 2010.

Nationwide explained that, despite it paying the correct amount of interest on the bond due to it not receiving a valid bond maturity form, it wanted to offer the amount of interest that would've been paid had it reinvested the bond at the available three-year fixed rate bond at 1.6%. This amounted to £2,961.39 on a bond balance of £68,400.76.

Nationwide also arranged for the money in the bond to be placed into a holding account, in line with its bereavement process, earning 1.75% from 7 January 2019 (when Nationwide were made aware of Ms C's death) until closure of the account. It also apologised that it didn't initially fully address the complaint when the estate first complained and offered £200 in recognition of this.

The estate of Ms C remained unhappy as it felt Nationwide should've honoured the 1.8% interest rate Ms C had selected and so it referred the complaint to this service for an independent review.

An investigator at our service considered the complaint but didn't uphold it. In summary, she said:

- Nationwide had already withdrawn the product Ms C had selected in her instructions dated 17 January 2016. Nationwide was entitled to do withdraw the products it provides.
- She'd seen a template of the letter Nationwide sent to Ms C on 10 February 2016 asking Ms C to select a new product.
- She felt the offer Nationwide had made was fair and reasonable and didn't think it would be fair to ask Nationwide to pay 1.8% interest as the product wasn't available at the time Ms C gave her instructions.
- Our service is unable to make an award to an executor of a deceased consumer for distress or inconvenience caused to them but acknowledged Nationwide had made an offer of £200 for the poor service received.

The estate of Ms C didn't accept the investigator's findings. In short, it said:

- Ms C was not a taxpayer and so the offer shouldn't have tax deducted.
- Ms C requested to withdraw £30,000 and so she missed out on available interest in her current account.
- Ms C signed a second bond maturity instructions form, which was returned by registered Irish post on 27 January 2016.

The investigator considered these further comments but didn't change her opinion. She said that tax was deducted as tax deductions had always taken place on Ms C's bonds - in line with HMRC guidelines. She also asked the estate to provide evidence of Ms C sending a second bond maturity instructions form but this wasn't forthcoming.

Ms C's daughter emailed this service on 12 August 2022 to explain that the estate was satisfied Nationwide had attempted to rectify its inadequate management of Ms C's bond. But she requested an ombudsman consider the amount of compensation offered for the ongoing upset and reputational harm caused by Nationwide's failings.

As such, the complaint has been passed to me to decide.

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.

Although I don't necessarily think Nationwide ought to have done anything differently with Ms C's bond, as there's no evidence suggest it received a valid bond maturity instructions form, I acknowledge that Nationwide has made an offer. Whilst it doesn't accept fault, its agreed to do something to put things right for the estate of Ms C. I've not seen anything to suggest this isn't a fair and reasonable offer and it appears to be broadly in line with what this service would say to put things right. I understand that the estate of Ms C now accepts the compensation offered by Nationwide regarding any financial loss and so my decision will focus on whether any compensation, in addition to the £200 offered by Nationwide, is warranted for the distress and inconvenience caused.

I'd firstly like to say I'm to hear of Ms C's passing away and to give Ms C's daughter my condolences. I'm also sorry to hear that dealing with Nationwide during this matter has caused her some distress. However, I think it's helpful for me to explain why I can't ask Nationwide to pay compensation to her. It's not disputed that the bond in question belonged

to Ms C, and so it was Ms C who would have been the eligible complainant. She alone had the required relationship with Nationwide and our service can only make awards for distress and inconvenience to eligible complainants. Whilst Ms C's daughter can represent the estate of Ms C in this matter, she is not herself an eligible complainant. Therefore I can't award compensation to her for any impact incurred to her personally when representing the estate.

I also appreciate that Ms C's daughter has mentioned reputational harm. It's not clear whether she's referring to her own reputation or that of her late mother's. I've already explained why I can't consider an award for her, but I should also explain that this service doesn't generally make awards for damage to reputation after someone has died. And I'm afraid Ms C's daughter hasn't provided persuasive evidence for me to make a fair and reasonable finding that Nationwide caused Ms C reputational damage whilst she was alive.

Putting things right

The estate of Ms C accepts Nationwide's offer for financial loss. This is the amount of interest that would've been paid had it reinvested the bond at the available three-year fixed rate bond at 1.6%. Nationwide has explained that this amounts to £2,961.39. Therefore, Nationwide needs to pay this to the estate of Ms C on acceptance of this decision.

I understand that Nationwide has offered £200 for the distress and inconvenience caused but, as I've explained above, I'm unable to make any findings on this. So if the estate of Ms C wants to accept this then it should contact Nationwide directly to arrange this payment.

My final decision

My final decision is that Nationwide Building Society should honour the offer that it made for the financial loss offered to the estate of Ms C.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms C to accept or reject my decision before 27 October 2022.

Ben Waites
Ombudsman