

## **The complaint**

Mr M complains that Nationwide Building Society (“Nationwide”) blocked transactions on his account while he was on holiday, causing him inconvenience and expense.

## **What happened**

Mr M holds a credit card account with Nationwide. Last year, he and his wife went abroad. Mr M says they went into a Nationwide branch before they went, to add a phone number to the account so that they could be contacted while they were away.

Early on in the trip, Nationwide blocked a transaction on Mr M’s credit card. It was a genuine transaction, but it was picked up by Nationwide’s security system as being potentially fraudulent. Nationwide says it tried calling Mr M about it but couldn’t reach him on the phone.

Several days later, Mr M called Nationwide about the blocked transaction. Nationwide said it would call him back within a few minutes. But Mr M didn’t hear anything. He called Nationwide several times. Each time it said it would call him back, but Mr M never received a call. Nationwide says it did call back. But it wasn’t using the number which had recently been added to the account, so it didn’t get through to him. As a result, the transactions weren’t authorised until Mr M returned to the UK.

Mr M complained to Nationwide. He said he’d provided a phone number so that it would be able to contact him while he was away. He said he’d spent a lot of his holiday time trying to contact Nationwide to sort out the issue. He said the situation had caused him embarrassment and stress, as the main transaction which was blocked was the payment for his holiday accommodation. He said that the delay in paying meant the holiday cost more as the exchange rate had changed in the meantime.

Nationwide said it didn’t have any record of a phone number being added in the branch before Mr M’s trip. But it said its security policy only allows it to contact customers on a phone number which has been recorded on the account for more than 30 days. It didn’t uphold the complaint as it said it had followed its security procedures correctly.

I issued a provisional decision on 21 November 2022, indicating my intention to uphold this complaint. I said I thought that Nationwide should pay compensation of £150 to Mr M. Both parties responded to the provisional decision. Nationwide accepted my recommendations and Mr M provided some further comments for me to consider. I’m now making a final decision about the 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.

I’ve considered Mr M’s further comments and thought about everything again. I haven’t seen anything which changes my mind about the appropriate outcome here, so I’m going to

uphold the complaint in the way I indicated in my provisional decision. My reasons are as follows.

The starting point is that it's right for Nationwide to have security measures and procedures in place to safeguard customers' accounts and prevent fraud so far as possible. As to exactly what those procedures are and how they're carried out, that's for Nationwide to decide. What I need to decide is whether it followed its procedures correctly and acted fairly in the circumstances here.

Mr M says that he regularly visits the place he went to on this occasion and that Nationwide has allowed similar transactions to go through in previous years. He says that Nationwide ought to have recognised that the transactions weren't unusual for his account. He also queries why some transactions were stopped but not others.

Nationwide has explained that it has a system in place to identify transactions which may be fraudulent. It says the security procedure doesn't involve looking at customers' previous holiday destinations or similar transactions in previous years. It has explained that the system is automated and Nationwide has no control over which transactions it will flag. I think that's a reasonable explanation. It's in the nature of security checks like this that they do sometimes cause inconvenience to customers. But the checks are in place to protect customers and I don't think it was unreasonable that these transactions were picked up by Nationwide's system.

Nationwide says that, when a transaction is flagged by its security system, its policy is to call the customer to verify the transaction. Nationwide says it tried calling Mr M on the day the block was put in place. From the evidence I've seen, I'm satisfied that it did so. But it tried to call him on his phone numbers in the UK, so that's why it didn't get through.

Mr M called Nationwide himself a few days later. Nationwide says its policy requires it to make an outbound call to a number held on the account in order to verify a transaction. So, when Mr M called Nationwide, he was told he would get a call back. I think that was reasonable. I'm satisfied that Nationwide did try calling Mr M back. But, as before, it tried calling his UK phone numbers so the calls didn't get through to him.

Mr M says that he and his wife had been into a branch before their holiday and provided a contact number for use while they were away. Nationwide said in its response to the complaint that it has no record of a branch visit. Mr M says he doesn't think Nationwide made any serious effort to check this before responding to the complaint. I don't know what checks were made at the time Nationwide received the complaint, but it did provide evidence later on that Mrs M visited the branch and provided a new contact number a few days before the holiday.

I haven't seen any notes of the visit from Nationwide's side so I'm not sure why the new number was only recorded under Mrs M's details. But Mr M says that they both attended, told the member of staff that they were going away and gave her the dates of their holiday as well as the holiday contact number. I have no reason to doubt what Mr M says about this. On balance, I find that Mr M did provide Nationwide with a phone number to contact him on while he was away. Nationwide says that there's no requirement for customers to let it know that they are going abroad. But I don't think it told Mr M this when he and his wife visited the branch for this purpose.

Nationwide's final response letter acknowledges that Mr M's phone number had been updated recently. It says this was the reason a call from the Fraud Team was necessary as opposed to an automated call. But the final response letter also says there's no evidence of Mr M giving Nationwide a number to contact him on while he was away. I find that a phone

number was added to the account shortly before the holiday. I find it unlikely that this phone number was anything other than the one provided by Mr and Mrs M in the branch. So, I think the information in the final response letter is confusing and appears to be incorrect.

Nationwide says that, under its security policy, it can't make outbound calls about the account to numbers which have been added within the last 30 days. I think that's reasonable. I find that Nationwide was following its security policy by attempting to call Mr M on the established phone numbers, rather than the new number.

But I understand Mr M's frustration that he had tried to avoid any problems by providing Nationwide with a phone number that it could reach him on while he was away. I don't think he could have known that Nationwide wouldn't be able to call him on the new number and I think Nationwide should have been clearer about that.

Nationwide has referred to the travel advice section of its website. This tells customers to make sure Nationwide has got their mobile number as that's the number it will use to call them if their card gets blocked. It says they can update their mobile number in several ways, including by visiting a branch. Mr M followed this advice – he updated his mobile number in the branch before going away. The website doesn't say that the number can't be used by Nationwide unless it's been updated more than 30 days before. I don't think any reasonable customer reading it could be expected to know that.

But Mr M went into the branch, so there was an opportunity for the branch assistant to tell him when he and his wife provided the new phone number. If Mr M had found out at that point that the number wouldn't be of any use from a card security point of view, he could have thought about other arrangements while he was still in the UK.

And when Mr M rang Nationwide from his holiday saying he hadn't had the call back he'd been expecting, Nationwide still didn't tell him that it couldn't call a recently added number. If it had done so, Mr M would have known why he wasn't receiving any calls. Instead, it appeared to him at the time that Nationwide just wasn't calling him back, which added to the stress of the situation. Mr M has also explained that his wife spent over an hour on a web chat to Nationwide answering detailed questions, but was cut off with no explanation before the chat had concluded. I haven't seen anything which confirms why the chat was cut off, so I can't safely conclude that was Nationwide's fault. But I can understand how this added to the distress and frustration of the situation.

As I said above, the new phone number was recorded under Mrs M's contact details. But Nationwide says it wouldn't contact her about the account as she isn't the main account holder. When responding to the complaint, Nationwide told Mr M that it didn't call the number because it was newly added to the account. But the comment that an additional cardholder wouldn't be contacted raises the question whether Nationwide would have tried calling the new number if it had been added more than 30 days beforehand. If not, then Mrs M ought to have been told this in the branch when the phone number was added to her records as a holiday contact number.

In conclusion, I don't think Nationwide did anything wrong by blocking the transactions and I think it was acting in line with its procedures. But I think there were communication mistakes which caused problems here. If Mr M had known that Nationwide needed to be able to contact him using a phone number which had been on his account for at least 30 days, I think he'd have planned accordingly. I think it's likely the blocked transaction would have had less of an impact in that case. I think Nationwide missed the opportunity to clarify the situation when Mr M visited the branch and again when he phoned from his holiday, causing further stress. And I think the information provided in response to the complaint has been inconsistent, adding to the confusion and distress.

Mr M has provided further comments about the impact of the transaction being blocked. He says he was in despair until the landlady said he could leave payment until he returned to the UK and until he discovered that his card was accepted for other transactions including cash withdrawals. I don't underestimate the distress he experienced. But I've balanced this against the fact that it's always advisable for customers to travel with more than one method of payment so that they aren't entirely dependent on one card. Looking at the situation overall, I don't think Nationwide is responsible for all the embarrassment and inconvenience which Mr M suffered as a result of the payments being blocked.

As Mr M has explained, he was able to make other transactions on the card and make a partial payment towards the accommodation costs using cash, with the balance being paid upon his return to the UK. So, I think the impact of the transaction being blocked was minimised. I realise that this might not have been possible had Mr M been staying elsewhere or with a less accommodating host. But I'm making my decision based on the actual impact Mr M suffered, not on what might have happened.

Taking everything into account, I think Nationwide needs to pay some compensation to Mr M for the distress and inconvenience he experienced. I think £150 would be a fair amount in the circumstances here.

### **My final decision**

For the reasons above, I uphold this complaint. Nationwide Building Society should pay £150 to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 February 2023.

Katy Kidd  
**Ombudsman**