

The complaint

Ms V complains that Nationwide Building Society provided poor customer service after her credit card was compromised.

What happened

On 6 September 2022, Ms V's credit card was declined while she was at the airport trying to make a hotel reservation. She called Nationwide who explained that her card had been compromised. They said Ms V would be able to use her credit card for chip and pin or swipe and sign transactions until 20 September when it would be cancelled. For any online transactions, Nationwide advised Ms V to use her debit card and said they would cover any charges she incurred up to £50. In relation to how her card had been compromised, they weren't able to give Ms V any further information.

Ms V said she had to spend the first day of her holiday finding a booking office to pay for accommodation in person.

On 16 September, Ms V said she tried to make a hotel booking using her debit card but it was declined. She called Nationwide who said it was a system issue. They gave her another number to call but that didn't work. Eventually Ms V was able to use both her phone and iPad together to make the booking. While on the phone, she asked for details about the issues she was experiencing, however said she was put on hold and the call was ended.

Miss V explained that this was in the middle of her holiday, she still had more accommodation to book and meals to pay for, including her return flight to London. Her credit card was being cancelled on 20 September and now her debit card was unreliable as well.

Following this, Ms V did manage to use her credit card on 22 September and 4 October, meaning it hadn't been cancelled on 20 September when Nationwide said it would be.

On 5 October, Ms V went into a Nationwide branch where she was told that her credit card had been unblocked and that she could use it. However, on 14 October, Ms V tried to use the credit card to book a holiday but it was declined. She called Nationwide and was told it should have been replaced in September and that she shouldn't have been able to use it. Ms V complained and said she should have been told this during her branch visit on 5 October so that she would've had enough time to get a new one before she was due to travel again.

In response to Ms V's complaint, Nationwide explained that when they get a notification saying a card has been compromised, it doesn't mean that fraud has happened, but that there is a possibility of future fraud. They said they receive information from several different sources relating to possible compromises of card details, from within the financial services industry and law enforcement agencies. They are not always told where the card data may have been compromised, and legally they cannot provide further details to their customers. Because of this, the best thing to do is replace the card.

In relation to the problems Miss V had when using her debit card on holiday, Nationwide said that sometimes they require One Time Passcodes (OTP) to be used as an additional layer of security when authorising payments. They acknowledged that Miss V had to use her iPad and mobile phone to complete her booking transaction, but said this could have been done via the mobile banking app.

They said that overall, they couldn't find any error on their part and said they had tried to help Ms V by letting her use her credit card for an extended amount of time, given she was on holiday.

While they couldn't find any error on their part, they did pay Ms V £25 for taking too long to reply to her complaint.

Our investigator was of the opinion that Nationwide could have done more. He acknowledged that Ms V had been on holiday while the issues had occurred and that there was a shortfall in customer service when Nationwide weren't able to tell her what the issues were with her debit card. He also said Nationwide should have given Ms V the correct information when she visited the branch in October so that she had time to order a new card before travelling again. As Nationwide weren't able to provide any evidence of the conversations that took place between them and Ms V, our investigator had no reason to doubt her version of events.

Because of the distress and inconvenience caused by shortfalls in customer service, our investigator asked Nationwide to pay Ms V a further £125.

Nationwide accepted our investigator's view, however Ms V remained unhappy. She said that the issues cut into the first two days of her holiday, and because of this she wanted £300 in compensation. Nationwide felt the total of £150 was fair and said they wouldn't be willing to increase the amount.

Because of this, the complaint has been passed to me for review.

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 understand a separate complaint was raised by Ms V in relation to her home insurance payments. This complaint looks to have been resolved so I won't comment on it in my decision. I will focus solely on the issues Ms V experienced with her credit and debit cards.

Having looked through everything, I agree with the outcome reached by our investigator and will explain why.

I have seen the guidance that Nationwide must follow in relation to compromised cards. It explains that occasionally, a customer's card will be flagged as being "compromised". It doesn't mean fraud has happened on the card, just that the possibility of future fraud is more likely.

While they suspect a card has been compromised, they aren't able to confirm this is the case. This means they aren't able to tell a customer exactly what has happened. The guidance states that all compromised cards are replaced to protect customers from fraud. While the card will still be active for 21 days, it's likely that attempts to use it will be restricted.

Given this, I believe Nationwide did the right thing in restricting Ms V's credit card, and that they were being helpful in letting her use it for chip and pin or swipe and sign transactions while she was away. I also feel it was fair for them to advise Ms V to use her debit card, as they said they would cover any charges incurred.

I understand Ms V experienced issues when using her debit card to make an online booking while away, and I acknowledge the inconvenience this would have caused. Not only had her credit card been restricted, but she was also having issues with her debit card. I am pleased to see that Ms V was able to make the booking using both her mobile phone and iPad, but I do understand the worry this matter would have caused.

Ms V was also able to use her credit card past the date it was due to be cancelled. Nationwide have explained that this was an error on their part meaning the card wasn't cancelled when it should have been. Ms V also wasn't told that she would need a new card during her branch visit at the start of October, meaning she wasn't able to order a new one in time for her next trip away.

I believe Nationwide could have acted better here. Had they ordered Ms V a new card at that time, it's likely it would have arrived in time for her trip. I also agree they provided poor service when they ended the call on Ms V during her holiday without telling her what the issues were with her debit card. For these reasons I agree with our investigator that they should pay Ms V a further £125 making the total compensation £150.

Nationwide did also say that they would cover any debit card charges up to the amount of £50. Ms V hasn't mentioned these, however if she has incurred debit card charges, she should send evidence of these to Nationwide, who should cover them up to the amount of £50.

Overall I feel this is a fair outcome. While I do appreciate that this matter caused Ms V a lot of stress and worry while on her holiday, and while I agree Nationwide could have provided a better service at times, I can't see what else they could have done in relation to her credit card. They have a duty to protect their customers and I believe they were doing this when they initially restricted the card.

While I understand this isn't the outcome Ms V was hoping for, I do hope I have explained why I feel the total of £150 is fair in the circumstances.

My final decision

My final decision is that I uphold this complaint.

Nationwide Building Society should pay Ms V a further £125 as compensation for the inconvenience caused. If Ms V has incurred debit card charges, she should send evidence of them to Nationwide Building Society who should cover them up to the cost of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 11 April 2023.

Danielle Padden
Ombudsman