

## **The complaint**

Mr W is unhappy with the service he received from Nationwide Building Society surrounding his request to switch his old Nationwide current account to a new Nationwide account.

## **What happened**

At the end of December 2021, Mr W tried to switch from his old Nationwide Flex Direct account to a new Nationwide Flex Plus account online. Towards the end of the process, Mr W was informed that he needed to go into a Nationwide branch to complete the switch.

Mr W worked in a medical environment which meant the only way he could go into a branch was by taking annual leave to do so, which he did on 18 January 2022. Nationwide staff assisted Mr W with the internal switch, but Mr W later found that the mortgage direct debit on his old Flex Direct account remained active and hadn't been transferred over to the new account. However, Mr W also found that information about the mortgage direct debit had been removed from his old Flex Direct account, meaning he couldn't cancel the payment.

Mr W contacted Nationwide about this, but the matter remained unresolved, meaning that for the months of February and March 2021, Mr W had to transfer money back from his new Flex Plus account to his old Flex Direct account to ensure his mortgage payments were met.

Mr W was then told the mortgage payments from the old Flex Direct account would be stopped, and so set up a standing order to pay his mortgage from the Flex Plus account. But the mortgage payments from the Flex Direct account continued to be made, meaning the mortgage was being double paid. And because Mr W had stopped transferring money into the old Flex Direct account, the continuing mortgage payments from that account meant that account fell into an overdrawn position. Mr W wasn't happy about what had happened or with the ongoing service he'd received from Nationwide, and so he raised a complaint.

Nationwide looked at Mr W's account. They didn't feel they'd made any errors regarding the transfer of accounts and so didn't uphold Mr W's complaint.

Mr W wasn't satisfied with Nationwide's response, so he referred his complaint to this service. One of our investigators looked at this complaint. They noted that Nationwide had explained that all direct debits and standing orders would be transferred to the new account, but that the mortgage payment wasn't a direct debit or a standing order but was classed as an internal transfer, and so wasn't covered by the switch. As such, our investigator didn't feel Nationwide had done anything wrong or acted unfairly and so didn't uphold the complaint. Mr W remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

## **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 issued a provisional decision on this complaint on 23 February 2023 as follows:

*In his correspondence with this service, Mr W has referred to the current account switch guarantee. I'd like to begin by confirming that this guarantee doesn't apply in this instance. This is because the current account switch guarantee only applies when a customer is switching accounts from one provider to a different provider, as would have been the case had Mr W been switching from another bank to Nationwide. But, in this instance, Mr W was switching from one Nationwide account to another Nationwide account, and as such the current account switch guarantee doesn't apply.*

*This point has been raised with Mr W during my review of this complaint. In response, Mr W noted that Nationwide's own literature explains that when requesting an internal transfer from an existing Nationwide account to a new Nationwide account, the sort code and account number would usually remain the same. Mr W points out that, in this instance, the sort code and account number didn't remain the same, and he feels that this been the cause of many of the problems that he encountered.*

*In response to this point, Nationwide explained that the transfer of an old account to a new account while retaining the sort code and account number of the old account can only happen if the new account is created at the point of transfer. Nationwide then note that in this instance, Mr W opened the new Flex Plus account in December 2021 but didn't visit branch to affect the transfer of payments from one account to the other until the following month – so that the new Flex Plus account and old Flex Direct account existed simultaneously, so that the new account couldn't have the same account number as the old.*

*Nationwide further explain that this meant that when Mr W visited Nationwide's branch in January 2022, he wasn't instructing a 'transfer' from one Nationwide account to a freshly opened new Nationwide account, but rather was instructing an internal switch between two already existing Nationwide accounts, with already existing different account numbers.*

*But it seems clear that Mr W was wanting to switch to the new Flex Plus account while simultaneously closing his old Flex Direct account – which would have, in effect, been an upgrading of the account, allowing the account number to remain the same – rather than the opening of a new account using a different account number.*

*What isn't clear is whether the need to 'upgrade' the account, rather than open a new account, was understood by Mr W, or what actions he took when he first attempted to switch to a Flex Plus account in December 2021.*

*But given that Mr W did receive the automated notice that he would need to complete the account switch in branch – which Nationwide have confirmed would only be provided if a new account had already been opened, and wouldn't need to have been given had an account 'upgrade' been requested – I feel it's more likely than not that Mr W didn't request the account upgrade that he did in fact want, possibly because he didn't understand that it was an account upgrade that he wanted and believed the current account switch guarantee applied to what he was requesting.*

*Ultimately, however, I feel this point is somewhat moot, given that Nationwide have confirmed to this service that it should have been the case that the mortgage internal transfer should have been moved over to the Flex Plus account when the Direct Debits and Standing Orders were moved over when Mr W went into branch. This is a conclusion that I also draw, as it seems illogical and unreasonable to me that a bank*

wouldn't transfer over internal transfers between its own accounts when assisting a customer move their primary banking from one of their own accounts to another of their own accounts.

*This means that it should never have been the case that Mr W encountered the difficulties that he did here, including that he should never have had to transfer money back to the old Flex Direct account and that the Flex Direct account should have never fallen into arrears when he stopped making those transfers. Instead, what should have happened was that Mr W's mortgage payment should have stopped being taken from the Flex Direct account and started being taken from the new Flex Plus account, following Mr W's visit to branch.*

*As such, I'll be provisionally upholding this complaint in Mr W's favour on that basis and instructing Nationwide to take the corrective action necessary to restore Mr W to the position he should be in, had the internal transfer been moved over to the Flex Plus account when it should have been.*

*This includes reimbursing to Mr W's account any interest, fees or charges that may have been incorrectly and unfairly applied to either account. Nationwide must also ensure that any mortgage overpayments are reimbursed to Mr W's Flex Plus account along with 8% simple interest on those mortgage overpayment amounts. This is unless those mortgage overpayments have already been addressed, such as by Mr W not making a payment to his mortgage for a different month, or unless Mr W gives his permission for them to remain applied to the mortgage. And Nationwide must also remove any adverse credit file reporting that may have occurred on either account because of what happened here.*

*Finally, my provisional instructions will also include that Nationwide must make a payment of £500 to Mr W as compensation for the upset and inconvenience I'm satisfied that Mr W has incurred here, which I feel fairly compensates Mr W for the significant impact I'm satisfied this matter has had on him despite his reasonable attempts to resolve it.*

In my provisional decision letter, I gave both Mr W and Nationwide the opportunity to provide any comments or new information they might wish me to consider before I moved to issue a final decision. Mr W confirmed that he was happy to accept my provisional decision, whereas Nationwide did not respond.

As such, I see no reason not to uphold this complaint in Mr W's favour on the basis explained above. And I therefore confirm that I do uphold this complaint on that basis accordingly.

### **Putting things right**

Nationwide must take the corrective action necessary to restore Mr W to the position he should be in, had the internal transfer been moved over to the Flex Plus account when it should have been.

This includes reimbursing to Mr W's account any interest, fees or charges that may have been applied to either account.

Nationwide must also ensure that any mortgage overpayments are reimbursed to Mr W's Flex Plus account along with 8% simple interest on those overpayment amounts. This is unless those mortgage overpayments have already been addressed, such as by Mr W not

making a payment to his mortgage for a different month, or unless Mr W gives his permission for them to remain applied to the mortgage.

Nationwide must also remove any adverse credit file reporting that may have occurred on either account because of what happened here.

Finally, Nationwide must make a payment of £500 to Mr W as compensation for the upset and inconvenience that I'm satisfied that he's unfairly incurred.

### **My final decision**

My final decision is that I uphold this complaint against Nationwide Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 April 2023.

Paul Cooper  
**Ombudsman**