

The complaint

Mr H complains that Nationwide Building Society merged his account with that of another customer, who was able to withdraw funds. He says the third party is now linked to his credit file, which is having an adverse impact on him.

What happened

Mr H holds an account with Nationwide. In July 2021, Nationwide merged Mr H's customer profile with that of another customer by mistake. In November 2021, that other customer removed more than £18,000 from Mr H's accounts. Mr H became aware of this on 1 December 2021 and contacted Nationwide. Nationwide separated the customers' profiles on 24 December 2021 and returned Mr H's funds to him on 20 January 2022.

Nationwide accepts that what happened was its error entirely. It says its system thought Mr H and the other customer were the same person and merged their profiles. Nationwide accepts that it delayed in returning Mr H's funds and that it was only through his persistence that the money was returned to him on 20 January 2022. It offered him £300 as an apology.

Mr H didn't think that was enough. He said that, not only had a third party been able to take his funds, but their data had been linked to his credit file, affecting his credit score. He said that Nationwide broke several data protection laws as sensitive information was exposed to the third party. He said that Nationwide hadn't done anything to stop the third party removing the funds and still hadn't stopped them having access to his accounts. He said the experience had caused him to lose trust in banks in general as he didn't feel his money was safe. He brought the complaint to this service.

Initially, our Investigator recommended that Nationwide pay Mr H £400, which Nationwide agreed. But Mr H didn't think this was enough as he'd experienced anxiety and stress over a period of months. He said he was still experiencing issues which indicated his accounts were still linked to the third party. He said he was receiving text messages from Nationwide which were intended for the third party. And he said his credit file showed information about the third party.

Nationwide looked into it and confirmed in March 2023 that Mr H's phone number was saved on the third party's alerts profile, which was why Mr H was receiving the messages. It corrected this and said that Mr H shouldn't receive any further messages. It accepted that this should have been corrected previously. Nationwide also accepted that the third party's credit card was still showing on Mr H's credit file. It said this was because the error hadn't been corrected properly before. It said it would resolve this but that it could take six to eight weeks for the Credit Reference Agencies to update the information.

Our Investigator issued a further view. As Nationwide hadn't corrected the mistake properly the first time and this had led to ongoing anxiety for Mr H over further months, she recommended that Nationwide pay compensation of £750. Nationwide agreed to this. But Mr H didn't think it was enough as the issue had gone on for so long and he'd been worried that the third party had access to his sensitive information during all that time. He also said that

the data on his credit file had affected a mortgage application. He suggested that £10,000 would be an appropriate amount of compensation.

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.

Due to the sensitive nature of this complaint, there's a limit to how much detail Nationwide can provide. But I'm satisfied that the accounts were merged by Nationwide's computer system by mistake. I'm also satisfied that they were separated on 24 December 2021. And Mr H has received his money back, although Nationwide admits to a delay in this happening.

Nationwide confirmed in March this year that it had removed Mr H's number from the third party's text alerts profile and Mr H has confirmed that he hasn't received any more messages since then. So I find that issue to be resolved.

I'm satisfied that Nationwide asked the Credit Reference Agencies to remove the link to the other customer and correct the errors on Mr H's credit file. Within the last few days, it has confirmed that it checked this again and that the links to the third party have been removed. Mr H has confirmed that another address on his credit file is a property he owns, so that doesn't need to be removed. Mr H says the problem hasn't been fixed, but I haven't seen any evidence of an ongoing problem. It may be that some of the changes aren't yet reflecting on the credit file as they can take a while to be updated by the Credit Reference Agencies. From the evidence I've seen, I find that Nationwide has taken the necessary steps to correct Mr H's credit file.

I'm not aware of any other outstanding issues. So, Nationwide has accepted its mistakes and corrected them. But I need to consider whether it has done enough to recognise the impact these mistakes had on Mr H. As our Investigator explained, we can't determine whether data protection laws have been breached as that is a matter for the courts.

Mr H says his application for a mortgage was affected, but I haven't seen any evidence of that or details of any financial loss. However, the distress, inconvenience and frustration Mr H experienced here was considerable and arose through no fault of his own. He was shocked and very worried to discover that a third party had been able to withdraw significant amounts of money from his account.

Mr H let Nationwide know as soon as he became aware of the issue. But Nationwide didn't separate the accounts until more than three weeks later. I don't think that was reasonable. I think the situation should have been investigated with more urgency. Because it wasn't, the distress was prolonged for Mr H. Once the profiles had been separated, Mr H didn't receive his money back for another month. Nationwide accepts this was a delay on its part, but I don't think it has done enough to acknowledge the effect this had on Mr H. Until he received the money back, he couldn't be sure it would be returned to him. A significant amount of money had been taken from him and he was without it for several weeks.

Unfortunately, even when the money was returned to Mr H, the problems weren't all resolved. That's because Nationwide hadn't corrected the original problem properly. Mr H provided evidence to show that, as recently as October 2022, he was still receiving messages from Nationwide which were intended for the third party. And his credit file included information about accounts held by the third party. Nationwide accepts that this should have been addressed in December 2021. It was made aware in November 2022 that there was still a problem, but this wasn't fully investigated and resolved until March 2023.

So, although the accounts were substantively demerged in December 2021 and Mr H received his money back in January 2022, his profile was in some respects still linked to the unknown third party until March 2023, having been joined with it in July 2021. I don't think it's reasonable that it took this long to be sorted out. It's understandable that Mr H remained very anxious during this time about the security of his account. I haven't seen any evidence that his details were visible to the third party after December 2021. But, as Mr H was receiving messages which were meant for the third party, it's understandable that he feared this might be working both ways and that the third party could be receiving sensitive information about him.

Putting things right

I think Nationwide should pay Mr H £750 to reflect the impact of its mistakes. I realise Mr H will be disappointed with this decision and I'm sorry for that. But, from the evidence available to me, I think this amount of compensation is fair in the circumstances.

My final decision

For the reasons above, I uphold this complaint. Nationwide Building Society should pay compensation of £750 to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 July 2023.

Katy Kidd
Ombudsman