

The complaint

Mr M and Ms M have complained about Nationwide's actions to remove Ms M from a joint account with her son - Mr M.

What happened

The details of this complaint are well known to both parties and are set out in the investigator's view of 20 July 2023, so I won't repeat them all again here. But briefly:

Mr M held an account in joint names with his mother – Ms M. Both parties' consent and authorisation were needed to use the account. The account was set up in this way so Mr M couldn't access the account without his mother's agreement due to his vulnerabilities. On 21 March 2020, two credits of £25,000 and £82,653.60 credited the account. As I understand it - Ms M's sister paid in the money following the death of Ms M's parents (so Mr M's grandparents). Mr M began transferring funds to his sole account with another bank. In July 2020, Mr M submitted a removal of account holder form to remove his mother from the joint savings account. This was actioned by Nationwide on 17 August 2020.

Mr M continued transferring funds to his own account elsewhere until around the end of 2021. It seems Ms M became aware of this and complained to Nationwide. After investigating the matter, Nationwide said it made an error in processing the removal of account holder form. It appears that Mr M signed the form on behalf of Ms M without her knowledge or consent as the signature didn't match Ms M's. It acknowledged that it should not have removed Ms M from the account, and it has already paid £450 in recognition of the distress its error has caused.

The account has recently been returned to a joint account status.

Ms M feels that Nationwide should accept some liability for the loss and would like it to refund the full amount that was withdrawn after she was removed from the account.

Our investigator upheld the complaint in part. He recommended Nationwide pay Ms M a further £1,050 compensation to make a total of £1,500. He felt that, whilst Nationwide removed Ms M in error, it did so following a very deliberate request from one of the account holders. He also felt it would not be reasonable to ask Nationwide to refund the money that Mr M has spent and benefitted from.

Ms M did not accept the investigator's opinion. Nationwide accepted the investigator's view and agreed to pay an additional £1,050.

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.

Having done so, I agree with the conclusions reached by the investigator for broadly the same reasons.

It's not in dispute that Nationwide made a mistake in removing Ms M from the joint bank account. What's in dispute is how Nationwide should put things right for Mr M and Ms M.

I note that Ms M has suggested the complaint be set up in her own name – but this is a joint account and all eligible complaints should be party to the complaint. It's also important to note - this is an informal service and I can only decide the complaint between the business and the joint account holders. I cannot require one account holder to pay another.

I know Ms M considers that but for Nationwide's actions, the money would still be in the account. I do appreciate Ms M's frustration. Whilst Nationwide made a mistake, it would not be fair or reasonable for me to ask it to pay the sum of money Mr M transferred out.

Once the funds were paid into the account, they became the possession of both account holders. So, the money no longer belonged to one person or the other.

One of the account holders – Mr M - has already had the benefit of the use of that money. It's disappointing that Mr M has not fully disclosed to this service or to Ms M what he did with the funds once in his other bank account (and despite trying we have not been able to get hold of that information). But it seems from what's been said - the vast majority of the funds were spent on takeaways and online subscription services.

It doesn't matter here because it's clear that Mr M has benefitted from those funds. It simply would not be fair or reasonable for the 'account' (a joint account in both Mr M's and Ms M's name) - to be compensated again. This could doubly benefit the account holders if an amount representative of the funds was credited back to the account.

It seems Ms M feels she is entitled to the money Mr M spent – but that is a dispute between Ms M and her son. I'm not saying that Ms M is not entitled to the funds. That is not a matter I can or need to decide here. As I've said above, I can only decide the case between Nationwide and the joint holders of the account – one of whom has had the benefit of the money now claimed. And I can't decide a dispute between account holders.

I understand this matter has caused Ms M distress and inconvenience. I think it is also worth noting here that one of the account holders – Mr M - dishonestly forged the other account holder signature in order to remove them from the account - which resulted in the error made by Nationwide.

Nationwide has agreed to pay an additional £1,050 in recognition of the distress and inconvenience the matter has caused. It has also agreed to pay this direct to Ms M. Compensation is not intended to punish Nationwide, or – for the reasons I have already explained - reflect the claimed loss Ms M says has arisen. I find that Nationwide's offer is a fair and reasonable amount in the circumstances of this complaint.

Putting things right

In order to put things right, Nationwide Building Society should pay Ms M an additional £1,050 for the distress and inconvenience on top of the £450 it has paid.

My final decision

My final decision is that I uphold this complaint in part and require Nationwide Building Society to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms M to accept or reject my decision before 12 October 2023.

Kathryn Milne
Ombudsman