



## **The complaint**

Mr and Mrs M have complained about how Nationwide Building Society (“Nationwide”) dealt with their request to switch current accounts.

## **What happened**

Mr and Mrs M applied to switch their current account to Nationwide. They say they chose to do this in part because Nationwide had a £200 switching offer on at the time.

Mr and Mrs M applied to switch their account, and the process was due to be completed on 18 October 2022. However, Nationwide wrote to Mr M on 13 October 2022 to request further information from him. Mr and Mrs M say that Mr M responded within 24 hours of the request being made, but then didn’t hear back about their application to switch.

Mr and Mrs M say that as far as they were concerned, the switch had been completed. However, Mr and Mrs M say on 24 October 2022 the newly opened account was frozen and none of their October Direct Debits were paid, as they should’ve been under the switching process.

Mr and Mrs M say that Nationwide repeatedly assured them that the switching process had been completed, and that all of their Direct Debits would be paid, when in fact it hadn’t and they weren’t.

Because the switch was unable to be completed, Mr and Mrs M didn’t earn the £200 switching incentive.

In its response to Mr and Mrs M’s complaint, Nationwide acknowledged that it had made errors and agreed to pay Mr and Mrs M £75 compensation.

After Mr and Mrs M referred their complaint to our service, Nationwide contacted our service and explained that it had changed its position on the complaint.

Nationwide said that it was willing to pay Mr and Mrs M the £200 switch incentive, as Mr and Mrs M clearly had every intention of completing the switching process. Nationwide also acknowledged that because a restriction was placed on Mr and Mrs M’s account, this led to the switching process being cancelled, this caused problems for Mr and Mrs M’s Direct Debits. Nationwide agreed to increase its offer of compensation from £75 to £150.

One of our adjudicators assessed the complaint and in summary, she concluded that the revised offer made by Nationwide was reasonable in the circumstances.

Mr and Mrs M disagreed, as they felt that not all aspects of their complaint had been reflected in Nationwide’s offer, so the matter was referred for an ombudsman’s decision.

I issued a provisional decision on 31 August 2023. I have included an extract of my provisional decision below and it forms a part of this decision.

### ***“What I’ve provisionally 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 reviewed everything, I’m currently minded to uphold this complaint. I will explain why.*

*It’s clear that the issues that Mr and Mrs M faced in switching their account was caused by Nationwide putting a restriction on the account, as the account needed to be reviewed before it could be approved. Specifically, I understand that Nationwide needed further information from Mr M before it could proceed with the process.*

*As Nationwide explained in its final response letter, it is legally obliged to understand its customers and their financial dealings. As this is the case, I can’t say that Nationwide’s decision to put a restriction on the account whilst it reviewed Mr and Mrs M’s application was unfair or unreasonable.*

*Having read Mr and Mrs M’s testimony on this complaint, it seems that they understand why Nationwide needed to obtain further information. It seems they are largely unhappy about the lack of communication from Nationwide; the amount of time Nationwide took to review the account; and also the incorrect information they’d been given. And having considered their concerns, I too think that Nationwide did not handle matters as well as it could’ve.*

*Mr and Mrs M were incorrectly told that the issue with the switching process was caused by a problem with their previous bank, when that was not actually the case. I understand that this led Mr and Mrs M to unnecessarily check with their previous bank to find out what the issue was. Mr and Mrs M were assured by their previous bank that there was no issue as far as it was concerned.*

*Nationwide placed a restriction on the account whilst it carried out its checks. Unfortunately, as the restriction was still in place on the day that the switch was due to complete (18 October 2022), this led to the switch being cancelled. From what I can see, Nationwide didn’t actually inform Mr and Mrs M of this. Instead, it seems Mr and Mrs M were left to keep chasing Nationwide to find out what’d happened to the account switching process.*

*I think that Nationwide could’ve handled matters better and should’ve told Mr and Mrs M what the situation was with their account, and what options (if any) were available to them to open an account. And I think Nationwide’s failure to tell Mr and Mrs M about this added to the distress and inconvenience that they experienced, as I understand that they were on holiday when events were unfolding.*

*In addition to Mr and Mrs M not being told that their attempt to switch accounts had failed, it also seems that Mr and Mrs M were then incorrectly told that their Direct Debits would be unaffected, when that does not appear to have been the case either. This resulted in Mr and Mrs M having to contact the various originators to set them up again, which added further inconvenience to Mr and Mrs M. I also understand that due to Mr and Mrs M being unable to make payments into or out of the account - because of the restriction placed on the account - this also led to Mr and Mrs M being unable to make a payment to their child’s nursery, which I believe would have been a cause of concern for them.*

*I appreciate that Nationwide proactively reviewed the case again and agreed to increase its award of compensation. But in the circumstances, I don’t think that the*

*amount Nationwide offered fairly reflected the impact this matter has had on Mr and Mrs M.*

*When considering how much redress is reasonable, I have taken into account the fact that Nationwide failed to tell Mr and Mrs M that their account switch had been cancelled. This led to Mr and Mrs M unnecessarily contacting their previous bank and then chasing Nationwide for an update, whilst on holiday. And they were assured their Direct Debits were unaffected, but then discovered they were and then had to manually set them up again as well.*

*Conversely, I have also taken into account the fact that Nationwide is reasonably entitled to carry out such a review. And during the time it does, account holders are unable to make payments to or from the account. So I think there would've been an element of unavoidable inconvenience to Mr and Mrs M, even if things had gone as they should've. I also think it's reasonable that Nationwide chose only to contact Mr M about the information it needed to complete its review – given that the information needed solely related to him.*

*Having weighed up the various factors, I currently think that an award of £300 for the distress and inconvenience caused, alongside the £200 switching incentive, better reflects the impact this matter has had on Mr and Mrs M.*

### ***Putting matters right***

*So, taking everything into account, I currently think that Nationwide should pay the following to Mr and Mrs M to put matters right:*

- *£200 for Mr and Mrs M missing out on the switching incentive award; and*
- *£300 compensation for the distress and inconvenience that this matter caused them."*

Mr and Mrs M responded to the provisional decision and said although they agreed with my findings, they wanted me to also consider how Nationwide dealt with the complaint. They say they first complained in October 2022 and called at least a dozen times and after ten hours of phone calls received a formal response in December 2022. They said they then had to spend time and effort in responding to Nationwide, as they were unhappy with the outcome Nationwide had reached.

Mr and Mrs M also asked if I had taken into account that Nationwide had told Mr and Mrs M around a dozen times (including in writing), that the Direct Debits would be unaffected, when in fact they were. Mr and Mrs M say they ended up contacting their previous bank around five times because of this as well.

Nationwide also responded and said that it accepted the findings in my provisional 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.

Having reconsidered everything, including Mr and Mrs M's responses to my provisional decision (which I understand they did ultimately accept), I think the outcome I reached in my provisional decision was fair.

Having looked through everything, I appreciate that Mr and Mrs M did put a fair amount of time and effort into raising their complaint with Nationwide.

However, as the adjudicator explained, under the Dispute Resolution Rules “DISP Rules” that our service is governed by, our service can only consider complaints about specific activities. These activities are listed under DISP 2.3.1. It is the case that ‘complaint handling’ is not a specified activity that our service is able to consider. Because of this, I can’t award compensation (even if I thought some was warranted) to Mr and Mrs M because of how Nationwide handled their complaint.

I acknowledge Mr and Mrs M’s points that they were given wrong information multiple times and ended up contacting their previous bank – unnecessarily – multiple times too. I would like to assure Mr and Mrs M that I did take these points into account before issuing my provisional decision. Indeed, these issues (alongside everything else that happened) was what led me to conclude that an increased amount of compensation was warranted in this case.

So, in summary, although I think that Nationwide had reasonable grounds in which to carry out its review of the account switch, I think that Nationwide could’ve handled matters better once the switching process had been cancelled. And I think it’s the case that Nationwide’s shortcomings caused a fair amount of distress and inconvenience to Mr and Mrs M.

### **Putting things right**

So, taking everything into account, Nationwide should pay the following to Mr and Mrs M to put matters right:

- £200 for Mr and Mrs M missing out on the switching incentive award; and
- £300 compensation for the distress and inconvenience that this matter caused them.

### **My final decision**

Because of the reasons given above and in my provisional decision, I uphold this complaint and require Nationwide Building Society to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M and Mr M to accept or reject my decision before 4 October 2023.

Thomas White  
**Ombudsman**