

The complaint

Mrs H is unhappy with the service she received from Nationwide Building Society surrounding the restricting of her debit card.

What happened

Mrs H noticed that a debit card payment hadn't been processed and so contacted Nationwide to ask why. Mrs H was told that they had restricted her debit card and that a replacement debit card would be provided to her. Mrs H was also told that her existing card could no longer be used and that if she needed to withdraw money from her account, she would have to visit a Nationwide counter service branch. Mrs H wasn't happy about this and felt that Nationwide should have contacted her about her debit card rather than simply blocking it. So, she raised a complaint.

Nationwide responded to Mrs H and explained that they'd received a notice from the card provider – the company whose logo is on the debit card – that her debit card details may have been compromised. And Nationwide also explained that their process when they receive such a notice is to immediately block the potentially compromised debit card to mitigate against the possibility of potential fraud and to send a replacement card to their customer. Mrs H wasn't satisfied with Nationwide's response and felt that their process wasn't fit for purpose. So, she referred her complaint to this service.

One of our investigators looked at this complaint. They felt that Nationwide had followed their process correctly, but that in doing so had caused a degree of trouble and upset to Mrs H that reasonably should have been avoided. Our investigator therefore recommended that this complaint be upheld in Mrs H's favour and that Nationwide should make a payment of £100 to Mrs H for the worry and inconvenience she'd incurred.

Nationwide didn't agree with our investigator and didn't feel they should reasonably be asked to compensate Mrs H for correctly following a policy designed to protect her from potential fraud. So, the matter was escalated to an ombudsman for a final decision.

However, Nationwide noted that when Mrs H's debit card was restricted, the chip and pin function of the card remained active. This meant that Mrs H could have used her debit card for chip and pin transactions while the replacement card arrived. Nationwide apologised for this provision of incorrect information and offered to make a payment of £50 to Mrs H as compensation for the upset and inconvenience it may have caused.

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 4 October 2023 as follows:

It isn't within the remit of this service to instruct a business to make changes to its policies or processes. As such, while I'm aware Mrs H doesn't feel that Nationwide's processes

surrounding the restricting of her debit card aren't fit for purpose, it isn't for me to instruct Nationwide to change those processes, because I don't have any authority to do so.

However, it is within my remit to assess the fairness of Nationwide's actions, including regarding the process that Nationwide followed here. But having done so, I can also confirm that I don't feel that Nationwide have acted unfairly towards Mrs H by following the processes, including the restricting of her debit card, as they did.

This is because Nationwide have confirmed that they received a notice from the card provider – the company whose name is on the debit card – that Mrs H's debit card details may have been compromised. The card provider may have developed these concerns about the security of Mrs H's card details themselves, or they may have been notified by another party, such as a merchant or the police. What's important here is that when a business such as Nationwide is notified by a card provider that card details may have been compromised, they aren't given the details of how this may have happened – only that it may have happened.

Nationwide, like all financial institutions, have an obligation to protect their customers' money. So, having been told that Mrs H's debit card details may have been compromised, Nationwide followed their process for when such notifications are received by them. This involved restricting the functionality of Mrs H's card – to ensure that if the card details had been compromised, no unauthorised fraudulent transactions could occur – and to send a replacement card to Mrs H. And Nationwide's process in this regard seems both reasonable and understandable to me, given Nationwide's obligations as previously described.

Mrs H is unhappy that Nationwide didn't contact her more proactively, having restricted her account, and that they only did so via posted letter. But Nationwide have confirmed that it's their process to contact customers by post in such circumstances, in part because they don't consider other forms of communication to be sufficiently secure when an instance of potential fraud might be taking place. Again, this seems reasonable to me, and I can only reiterate that it isn't for this service to instruct a business to change its processes.

It should also be noted that the recurring debit card payment which alerted Mrs H that her Nationwide account wasn't functioning as she expected was a transaction that Nationwide only played a minor role in. This is because debit card transactions are processed by the debit card provider. And, when such a payment doesn't complete, it's usually the debit card provider or the merchant which didn't receive the money which informs the account holder that the payment has failed or that the money hasn't been received.

All of which means that I don't feel that Nationwide did anything wrong or acted unfairly by following the processes that they did, having received notice from the debit card provider that Mrs H's debit card details may have been compromised. This isn't to say that Mrs H wasn't troubled or worried by what happened. But it is to say that instances such of this are an unfortunately necessary and unavoidable consequence of modern banking practices. And I don't feel that Nationwide should fairly or reasonably be asked to compensate Mrs H for acting as they did to protect her account.

However, Nationwide have acknowledged that when they spoke with Mrs H about the restrictions on her account, she was incorrectly told that she wouldn't be able to use her existing debit card while a replacement card was being sent to her. Nationwide have apologised for this misinformation, and they've offered to make a payment of £50 to Mrs H as compensation for any upset or inconvenience this may have caused.

Nationwide's offer of £50 compensation seems fair to me, in consideration of the impact that the incorrect information may have had on Mrs H. And so, my provisional decision here will be that I uphold this complaint in Mrs H's favour on this limited basis only and that

Nationwide must make a payment of £50 to Mrs H.

Mrs H responded to my provisional decision and made a point of correction. Specifically, in the 'What happened' section of my provisional decision letter I had stated that Mrs H had noticed that a recurring debit card payment hadn't been processed. This was incorrect, and what happened was that Mrs H called the business in question and made a debit card payment over the telephone and received confirmation from that business during the telephone call that the payment had gone through.

I'd like to thank Mrs H for correcting my understanding of what took place here. However, I don't feel that this makes a material difference to the outcome of this complaint. This is because the essential point of what happened – that a debit card payment didn't complete – remains the same. Indeed, given that the business to which the payment was made confirmed the payment, it only strengthens my opinion that this business reasonably should have reached out to Mrs H when the payment it believed had been confirmed didn't subsequently complete – especially given the nature of the service that Mrs H had purchased from them.

Ultimately, it remains my position that Nationwide haven't done anything wrong or acted unfairly by restricting Mrs H's debit card here. And this is for the reasons as explained in my provisional decision letter. Similarly, my position also remains unchanged regarding how Nationwide chose to notify Mrs H solely by mail of the restrictions that they had placed on her debit card, again for the reasons as explained in my provisional decision letter. Indeed, given the circumstances as I've described them – that Nationwide had received a notice from the card provider that Mrs H's debit card details may have been compromised – I'd potentially consider Nationwide to have acted negligently if they hadn't acted as they did.

I realise that Mrs H would like some reassurance that similar events won't happen again. But I hope that she'll understand that it isn't possible to provide such reassurance. The obligations on financial institutions to protect their customers' money means that caution will be, and reasonably should be, exercised by those institutions where they feel it's necessary to do so. And this caution extends to how financial institutions attempt to communicate with their customers about such matters. Accordingly, it will always be incumbent on an account holder to monitor their accounts and on businesses to promptly notify customers if payments don't complete as expected.

All of which means that my final decision will be as described in my provisional decision. Specifically, that while I will be upholding this complaint in Mrs H's favour, I'll only be doing so on the limited basis that Nationwide must make a payment of £50 to Mrs H as compensation for their agent not referring Mrs H's concerns correctly, which led to Mrs H not receiving a call back about those concerns as quickly as she should have.

I hope that Mrs H will understand, given all that I've explained here, why I've made the final decision that I have.

Putting things right

Nationwide must make a payment of £50 to Mrs H.

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 Mrs H to accept or

reject my decision before 8 November 2023.

Paul Cooper
Ombudsman